Selling suits
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How to pri
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Inventory control

SEPTEMBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

EARNINGS: WILL THEY DANCE AGAIN?

1987 Survey

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veterinary economics

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9073 Lenexa Drive
Lenexa, Kan. 66215
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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

Your income has fallen out of step

Our September issue begins our annual series of financial articles on your earnings, expenses, fees, and other practice barometers. In this issue we're revealing how all practitioners in general fared during 1986. Our October issue will break down those national and regional income figures by small, mixed, large, and equine veterinarians. Your expenses also will be published in October, fees for many basic services in November, and more articles with the most current data available in December. This exclusive financial information results from our annual Continuing Survey in which we surveyed 4,500 practicing veterinarians. Our 1987 Continuing Survey marks the fifth year that VETERINARY ECONOMICS has compiled this data for the profession.

What about your income? As our cover story, "Earnings: Will they dance again?" on page 32 shows, your net income (after professional expenses, but before income taxes) has fallen off its feet. The article looks at some of the reasons for this imbalance and leads you through realistic moves you can follow to fall back into step.

Michael D. Sollars

By Michael D. Sollars

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Outpouring of graduates from Washington State University fans Northwest doctors to draw up a resolution that would require the veterinary school to reduce numbers.

Picture credits: cover, 32,62, Bill Kuhn Steve Munz; 14, Matt Bilardo; 44,48, Mark Bauler Valley Images; 88, Dan Regan

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COVER STORY

EARNINGS: WILL THEY DANCE AGAIN?

Our 1987 Continuing Survey shows your income is far from tripping the light fantastic. As a matter of fact, our $4.23 billion market is shrinking. What's wrong? Plenty.

By Michael D. Sollars EDITOR

Where's our GVP (gross veterinary product) going? Downhill, according to VETERINARY ECONOMICS' latest Continuing Survey. A measure of the total goods and services provided by the profession shows 1986 finished at $4.23 billion, down from 1985's GVP of $4.25 billion.*

For all industries, the gross national product (GNP) ran $4,206.1 billion this past year, compared to $3,998.1 billion in 1985. The veterinary profession contributes

---

*All figures except for the "gross veterinary product" (GVP) are based on medians. The GVP is calculated using mean or average gross income figures multiplied by the number of veterinarians practicing in 1986.

All figures in the following charts are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article is © 1987 and published by Veterinary Medicine Publishing Co Inc at Lenexa, Kan. 66215. All rights reserved. This article may not be reproduced or paraphrased in whole or in part in any manner whatsoever without permission. Limited quotations, if properly referenced, are acceptable.

GROSS EARNINGS UP ONLY 0.9 PERCENT

Individual gross income	Percent of practitioners	
	1986	1985
$200,000 or more	15%	16%
190,000-199,999	4	3
180,000-189,999	3	3
170,000-179,999	3	3
160,000-169,999	3	3
150,000-159,999	4	5
140,000-149,999	5	4
130,000-139,999	4	6
120,000-129,999	6	4
110,000-119,999	6	5
100,000-109,999	4	6
90,000-99,999	4	5
80,000-89,999	3	5
70,000-79,999	3	3
60,000-69,999	3	4
50,000-59,999	4	4
40,000-49,999	4	4
30,000-39,999	8	7
Less than $30,000	14	10
Median	1986 - $114,600	1985 - $113,600

> Total goods and services provided by the profession in 1986 was $4.23 billion, down from $4.25 in 1985.

roughly 0.1 percent of the total country's GNP.

What about your personal gross and net income? Your gross income ran only $114,600 in 1986, a meager 0.9 percent increase over 1985's $113,600, based on median figures from the Continuing Survey. That 0.9 percent even trails 1986's figure of 1.1 percent consumer price index (CPI).

What about net income from your practice? Unfortunately, there's bad news there, too. Your take-home pay (earnings after tax-deductible expenses, but before income taxes) dipped $600 to $40,500 in 1986, vs. 1985's $41,100.

Expenses one culprit

Where do we point the blame?

Unfortunately, there's bad news about your net income too, as take-home pay dipped $600 to $40,500 in 1986.

There are a lot of targets. Let's start with expenses. In our annual financial survey that tracks veterinarian earnings, expenses, and fees, our respondents reveal that their expenses in 1986 rose 2.5 percent. The highest hikes went for drugs and medical supplies. The median ***practice*** spent $38,200 in 1986 vs. $34,000 in 1985, or up 12.4 percent. You should know that these figures include only practitioners who listed an expense in these categories. (Next month's VETERINARY ECONOMICS will detail the expenses and income for individual practice types.)

Let's put our expenses in perspective. A rise of 2.5 percent is pretty small on most economic

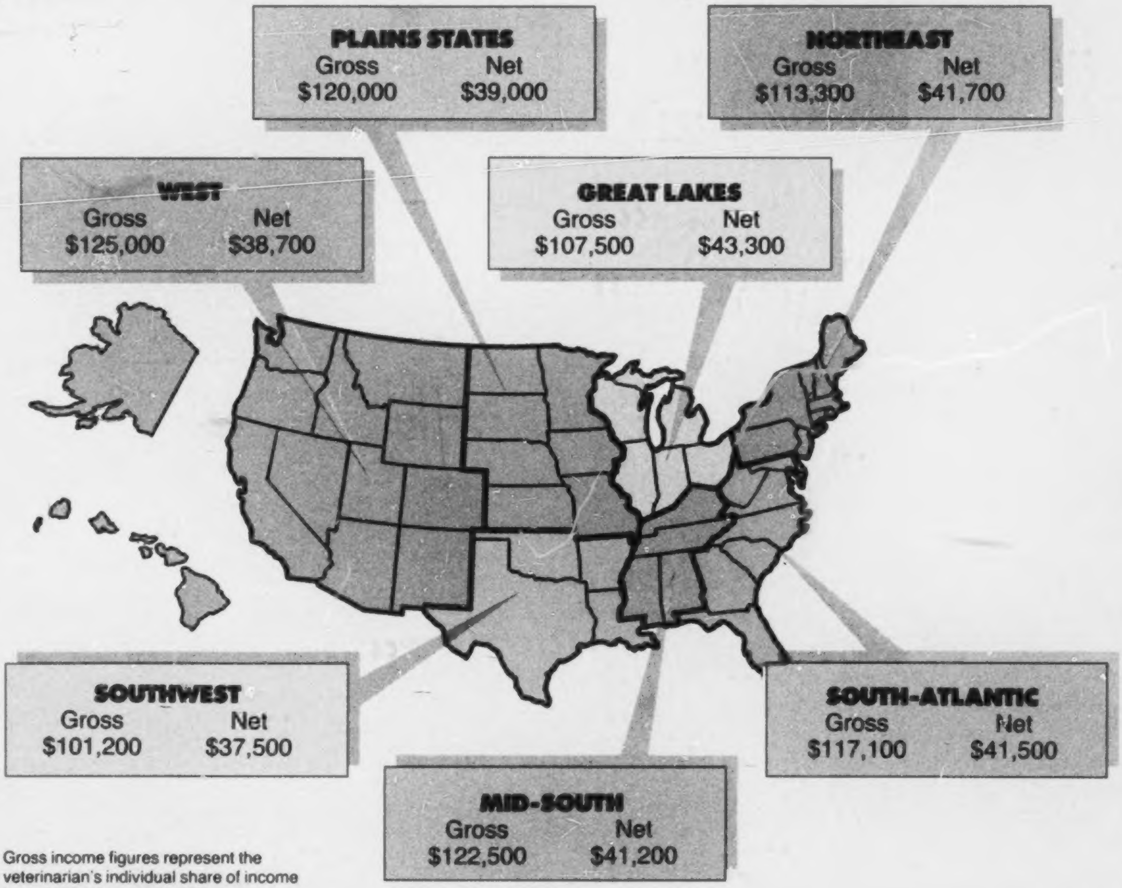
ELUSIVE NET INCOME SHRINKS 1.5 PERCENT

Individual net income	Percent of practitioners	
	1986	1985
$100,000 or more	5%	7%
90,000-99,999	2	2
80,000-89,999	3	5
75,000-79,999	3	3
70,000-74,999	3	4
65,000-69,999	3	3
60,000-64,999	4	3
55,000-59,999	4	3
50,000-54,999	6	7
45,000-49,999	9	6
40,000-44,999	9	9
35,000-39,999	9	7
30,000-34,999	10	10
25,000-29,999	10	10
20,000-24,999	11	10
15,000-19,999	4	5
10,000-14,999	2	3
Less than $10,000	3	3
Median	**1986** - $40,500	**1985** - $41,100

SOME REGIONS GAIN INCOME, SOME LOSE

Veterinarians in the Great Lakes states edged out all others in 1986 by netting a median income of $43,300, up 4 percent from 1985. The previous year, South Atlantic DVMs led the country with $48,900. That figure dropped 15 percent in 1986 to $41,500. The West also dipped in 1986, from $43,400 to $38,700, and the Southwest declined from $39,600 to $37,500.

Like last year, Great Lakes practitioners clung to the highest net as a percentage of gross—40.3 percent, up from 1985's 39 percent. Doctors in the West banked only 30.9 percent of their gross.


PLAINS STATES
Gross $120,000
Net $39,000
NORTHEAST
Gross $113,300
Net $41,700
WEST
Gross $125,000
Net $38,700
GREAT LAKES
Gross $107,500
Net $43,300
SOUTHWEST
Gross $101,200
Net $37,500
SOUTH-ATLANTIC
Gross $117,100
Net $41,500
MID-SOUTH
Gross $122,500
Net $41,200

Gross income figures represent the veterinarian's individual share of income brought into the practice. Net income figures are tabulated after expenses and before taxes.

▶

scales; it's indetectable on many scales. For instance, office-based physicians had a 10.6 percent growth in expenses from 1985 to 1986. Their net income also grew 10 percent over that same period.

Then why are veterinarians slipping? The basics are not being covered. One business fundamental dictates that you plan for higher expenses in the next fiscal year. You also plan to counteract those added costs. How so? By becoming aggressive with fees, offering additional services, and marketing your practice to new clients.

Fees, services, and client growth—these three areas—either strengthen or weaken the veterinarian's gross and net income from year to year.

Help ahead

In the months ahead, VETERINARY ECONOMICS will help you establish better fees, offer new services and products, and attract new clients to your practice.

While new clients remain the life blood of a practice, the loyal client is the one who will most likely pay for new services such as dentistry, buy pet foods and flea products from your waiting room display, and, more importantly, add another pet to his or her household.

Veterinarians are not challenging the marketplace. To get economic growth out of a mature market, you have to challenge, test, stretch the seams of the marketplace. That comes from better marketing of services and products. ▶

PROFILE OF TOP EARNERS, PAST AND PRESENT

Let's see how this year's top earners compare with last year's. While in 1985 the South Atlantic veterinarians were the big regional breadwinners, in 1986 it's the Great Lakes DVMs who made a splash. But the median figure is still $5,600 shy of last year's top earners. Incorporated practitioners lowered their median income $900, while unincorporated veterinarians' median income rose $400. The median for employed DVMs increased only $100. The median net for male doctors decreased by $200 from last year, and female DVMs' rose by $500. The highest paid age bracket moved from practitioners in their 40s to those in their 50s, but, again, the median figure dipped $1,100. Large animal practitioners leaped ahead of last year's winner, the small animal practitioner. Indeed, small animal doctors' median take-home pay actually decreased while large animal and mixed practice doctors boosted their incomes: large by $1,700, mixed by $5,000.

Great Lakes DVMs earn most:	$43,300
Incorporated practitioners earn most,	$51,900
ahead of unincorporated	43,200
and employed doctors:	28,500
Male doctors outpace female DVMs:	$43,600 vs. $27,700
DVMs in their 50s earn most:	$52,200
Large animal doctors outstride others:	$44,200 - large
	42,100 - equine
	41,200 - small
	38,200 - mixed

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2003DIRO-05 3/78

Each 5 ml of suspension or each tablet contains:

Kanamycin activity (as the sulfate)	100.0 mg
Aminopentamide hydrogen sulfate	0.033 mg
Pectin	25.0 mg
Bismuth subcarbonate	250.0 mg
Activated attapulgite	500.0 mg

THERAPEUTIC ACTION OF INGREDIENTS

Kanamycin Sulfate (Kantrim®): Kanamycin is active against Salmonella, Shigella, **Alcaligenes faecalis**, **E. coli**, Proteus, and **Staphylococcus aureus**, all species associated with bacterial enteric infections. It is not absorbed from the gastrointestinal tract, providing bactericidal action at the site of infection.

Aminopentamide Hydrogen Sulfate: Aminopentamide is an antispasmodic-anticholinergic agent capable of adequately inhibiting gastrointestinal motility.

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Bismuth Subcarbonate: Acts as an adsorbent, protecting the gastrointestinal mucosa, neutralizing gastric acids, and helping to normalize the consistency of stools.

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Tablets: One tablet per 20 lbs body weight every 8 hours. Maximum dose, three tablets every 8 hours. For animals under 10 lbs, one-half tablet every 8 hours.

It is recommended that an initial loading dose precede the above schedule, consisting of twice the amount of a single dose.

PRECAUTIONS

Because of the bactericidal activity of kanamycin, prolonged treatment may permit overgrowth of nonsusceptible organisms (e.g., fungi). If remission of symptoms is not evident after 3 or 4 days treatment the diagnosis should be re-established.

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NDC 0015-2003-45 – 120 ml
AMFOROL Veterinary Oral Tablets – bottles of 100
NDC 0015-2006-60 – 100 Tablets

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BVP-531 1/86

HOW THIS YEAR'S SURVEY WAS CONDUCTED

Questionnaires for the 1987 VETERINARY ECONOMICS Continuing Survey were mailed late in January to 4,500 veterinarians in private practice—a random sampling from the master list maintained by this magazine. By the mid-May cutoff date 1,303, or 29 percent, of the veterinarians had responded. After we set aside returns with apparent discrepancies, incomplete responses, and those from veterinarians who had not been in practice throughout the year, our working sample consisted of 912 questionnaires. These were coded by VETERINARY ECONOMICS' research staff and tabulated by computer under the direction of Harvey Ross of Digitab Computing Inc., Syosset, N.Y.

	Percent of	
REGION	Statistical universe[1]	Survey sample
Northeast	15.5%	13.0%
South*	33.6	35.6
Midwest**	28.9	32.4
West	22.0	19.0

*Includes Southwest, Mid-South, and South-Atlantic.
**Includes Plains States and Great Lakes.
Veterinary Medicine Publishing Co. mailing list, April, 1987

LOCATION	Percent of practitioners	**AGE**	Percent of practitioners
Urban	26%	Under 35	40%
Suburban	40	35-44	35
Rural	34	45-54	14
		55-64	10
		Over 65	1

SEX	Percent of practitioners
Male	56%
Female	44

A shrunken pie, divided among more hungry eaters, gives a smaller piece to many.

There's another trend in the profession that dramatically hurts your net income. By the end of 1986 the number of practicing veterinarians rose to 34,840 from 33,738 in 1985. That growth of 1,102 came in a market where the total dollars (GVP) had fallen. Simple math shows that a shrunken pie divided, although unevenly, among more eaters gives smaller pieces to many.

Here are more intriguing details: Our growing number of practitioners is producing a large group of younger DVMs. Almost one-half of the practicing DVMs are 40 years old or younger. They also tend to be associates (non-owners in practices). Employed veterinarians in 1987 make up 25.7 percent of all DVMs. In 1986 that figure ran only 20.7 percent. In 1987, 5 percent of our profession's net earnings shifted to the lower end of the pay scale.

Owners of practices fared fairly well. Veterinarians in unincorporated clinics netted $43,200. Owners in incorporated practices took home $51,900. Employed DVMs pocketed only $28,500. ■

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your income
stack up?

How to price
your practice
Part III

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a manpower surplus

OCTOBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

SNEAK A PEEK AT YOUR COLLEAGUES' FEES

1987 Survey Figures

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9073 Lenexa Drive
Lenexa, Kan. 66215
(913) 492-4300

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.
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A Medical Economics Publication

MEMO FROM THE EDITOR

Stop being an Inspector Clouseau when it comes to tracking down fees

Here's how it usually happens: About 8 a.m. you fill your coffee mug and march into your office, yelling to the receptionist to hold all your telephone calls. You also hope you have created a "damn the torpedoes, full speed ahead" James or Jane Bond image in front of your staff. You shut your door with authority, but think you hear giggles from the AHTs lingering at the receptionist's desk. Dismissing those catcalls, you take your seat behind your desk, place the telephone in the center of the desk, and don your best client voice—all to prepare for that call to the clinic down the street to inquire about its fees.

You stare at the phone for a long time. Then you realize that your hand won't move toward it. You start to count the numbers from one to 10 forward and backwards, run through the alphabet, and strum the buttons with your fingers. You know this is worse than inviting your mother-in-law for dinner. After two hours you're anxious, miserable. You check your heart rate and find it racing like a greyhound. But you go on eyeing the phone like a dog checking for the late postman. You curse yourself for playing up in front of your staff this task of finding out your colleague's fees. You must save face. Finally you snatch up the receiver and smash your fingers against the buttons, all but one. You toss the silent receiver back into its cradle and vow to summon your courage again the next morning.

I'd *like* to tell you that this month's cover story, "Sneak a Peek at Your Colleagues' Fees," reads more like a suspense novel than the doctor tale mentioned above. I'd like to say there's intrigue, fast action, top secret information, back-room dealing, foreign capitals, and more in these pages. I'd like to tell you that, but it's not exactly true. There's no real cloak and dagger stuff when it comes to setting your fees.

How do practitioners really set their fees? Too often the veterinarian is Inspector Clouseau rather than an adventurous Bond when he wraps a paper towel over the receiver of the phone and asks his classmate his fees. Here's an old saw: If two veterinarians talk for more than eight minutes, one of them will invariably ask the other what he charges for a spay.

With this month's cover story we've taken the Pink Panther nonsense out of your hunt for perfect fees. No second story men or cat burglars needed, thanks. We've surveyed 4,500 veterinarians about their fees. Now you can sit comfortably in your office or at home and read what veterinarians now charge for many services.

Michael D. Sollars

By Michael D. Sollars

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CAN A CPA COUNT IN YOUR PRACTICE?

This survey shows that DVMs use only a few accounting services but that CPAs can offer more.

By Richard J. Vargo, PhD,
and Jaime Agudelo, PhD, CPA

Most veterinarians need accounting assistance to manage their practice and personal financial affairs. Both CPA and non-CPA consultants, advisors, and planners offer income tax and management advisory services to veterinarians. But CPAs are more numerous and more generally available.

To determine how many veterinarians currently use CPAs, the range of services offered, and satisfaction with those services, questionnaires were sent to a random sample of 188 veterinarians practicing in 10 metropolitan areas of the country. The response rate was 38 percent.

Of the 72 respondents, 65 use CPAs for some aspect of managaing their practice or personal financial matters. Not only were CPAs widely used by veterinarians, but 31 percent were definitely satisfied, and 60 percent generally satisfied with the quality of professional services provided.

Those few veterinarians not using CPAs most often gave these reasons: Similar services can be obtained from others, CPA fees are too high, and CPA services are unnecessary.

The chart shows how veterinarians use CPAs. The first column indicates how many veterinarians used each professional service during the past year. The second shows additional professional services that the veterinarians wanted during the past year and would have paid for. The third column is a market service index, that reflects the relative degree to which CPAs are fulfilling veterinarians needs for professional services.

Beyond tax returns

Clearly, the preparation of income tax returns, and of financial statements, and income tax planning were the professional services used most often by this group of veterinarians. No other service was used by more than half of the veterinarians responding.

Note that only the income tax preparation service is being offered to all veterinarians. Thus, the often-heard allegation that the CPA/veterinarian relationship revolves around tax work appears to be substantiated.

Also note that cost control studies show a very low market service index, yet it is one of the services most requested by veterinarians. The demand exists because many DVMs face intense competitive pressures. In such an environment, doctors become acutely aware of the need for sound business practices and procedures.

Other CPA services

There are also several other services with low market service indexes, yet with relatively high demand for CPA expertise. Things such as review of insurance policies, assistance to obtain financing, personnel management, assistance to install a computer and budgeting have been ignored by CPAs. That is possibly because, in the past, fewer veterinarians requested them.

Most accountants are quite ca-

AUTHOR Richard J. Vargo is professor of accounting at the University of the Pacific, Stockton, California. He is co-author of the American Institute of Certified Public Accountants' continuing professional education program "Services to Clients: Physicians, Dentists and Veterinarians."

AUTHOR Jaime Agudelo is an associate professor of Accounting at the University of the Pacific, Stockton, Calif.

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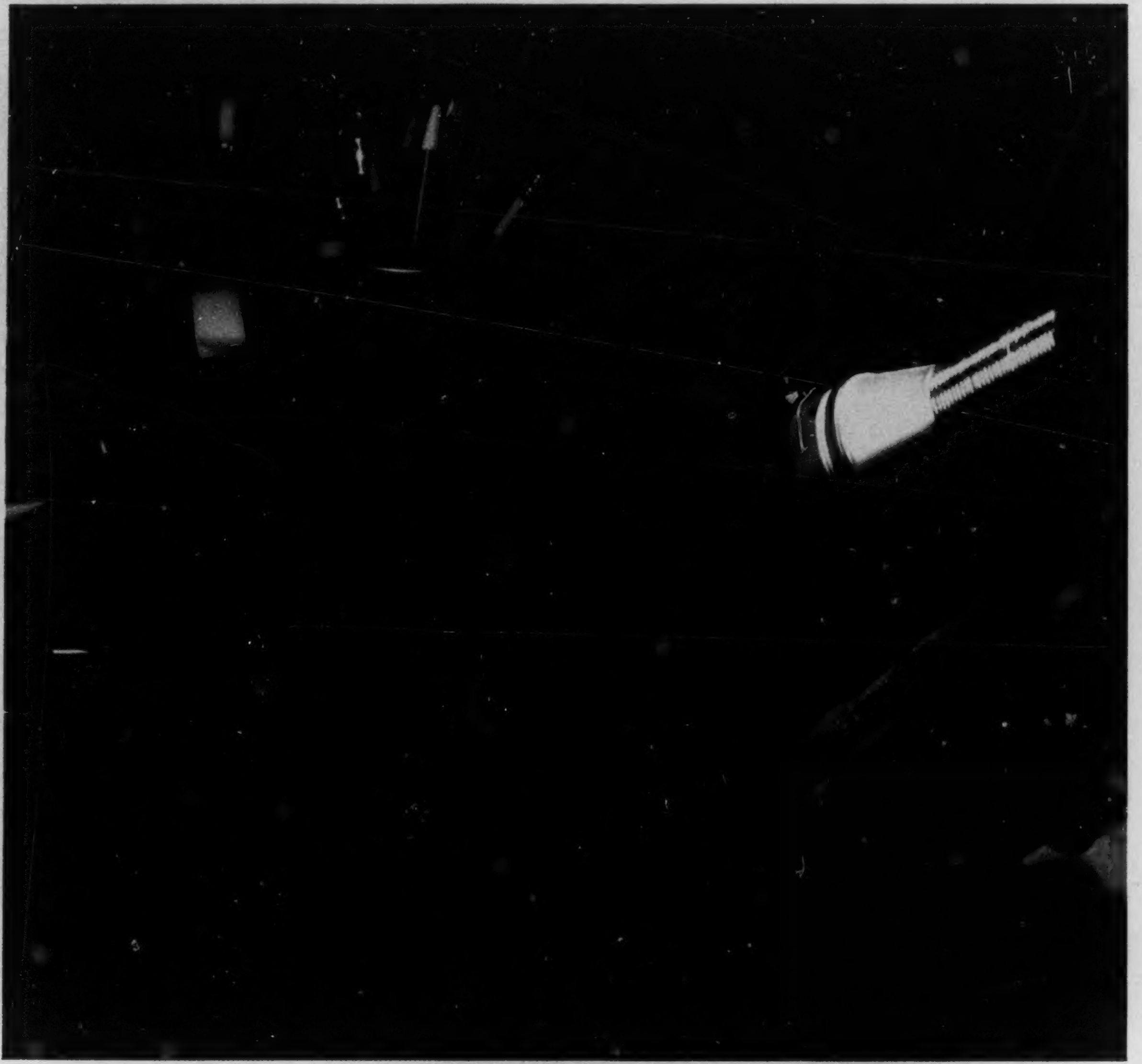
pable of rendering these services. However, the weighted average composite market service index of 58.6 percent indicates that approximately 41 percent of the services possibly needed by veterinarians are not now being provided by CPAs. This leaves substantial opportunity to expand CPA services to veterinarians.

It appears that DVMs under use CPAs. Thus, many additional services could be offered to, and used by, veterinarians. ■

HOW VETERINARIANS USE CPAs

Professional service	Current (a)	Additional services (b)	Market service (a) ÷ (a + b)
Prepare income tax returns	65	0	100.0%
Prepare financial statements	39	3	92.9
Income tax planning	35	11	76.1
Review organizational form (partnerships, corporate form, etc.)	19	7	73.1
Financial plans for investments	15	16	48.4
Review of cash handling procedures	15	11	57.7
Review of accounting systems (feasibility of computers, etc.)	10	18	35.7
Estate planning	8	12	40.0
Review of receivables collection	6	13	31.6
Assistance in obtaining financing	4	10	28.6
Review insurance needs	4	14	22.2
Personnel management	3	9	25.0
Assist installing computer	2	7	22.2
Assist in office location	2	1	66.7
Cost control study	1	18	5.3
Budgeting	1	9	10.0
Patient/client schedule review	0	2	00.0
Office layout/decor analysis	0	1	00.0
Composite	**229**	**162**	**58.6%**



SNEAK A PEEK AT YOUR COLLEAGUES' FEES

No cloak and dagger required. Just glimpse VETERINARY ECONOMICS' 1987 Continuing Survey of clinic charges and see how you compare.

By George Earle MANAGING EDITOR

Even the most observant practitioner would have trouble spying a pattern to fee changes during 1987. But the VETERINARY ECONOMICS Continuing Survey does show that in certain regions, and among some types of practice, fees have changed substantially this year.

The best news for veterinarians is that average client transaction fees rose in most regions. While the West continues to lead in average transaction charges, small animal practitioners around the country saw a modest 8 percent gain. But taking a narrow edge over other practitioners, large animal doctors raised fees from $24 to $35.30, a 47 percent increase in average client transactions.

Office call fees have increased across the board. The average office call fee for large animal practices rose 26 percent from 1986 to this year. That number in mixed practices was up 14 percent, and in small, 5 percent.

One reason for the fee boosts may be the poor performance in DVM earnings during 1986.

Normal service fees up slightly

With the exception of hospitalization charges, the West continues to outpace other regions in fees for typical veterinary services. Doctors in the Northeast raised hospitalization charges 26 percent.

Basic immunization fees flopped all over the map, but generally reversed last year's downward trend. Charges by mixed practitioners for livestock immunization increased 17 percent. Fees for feline immunizations ran up more than 13 percent in mixed practices, and rose almost 2 percent in small animal practices.

Fees for canine immunizations remained steady in small animal practices but increased 9 and 7 percent respectively in mixed and large animal practices.

Ovariohysterectomy fee data was compiled differently this year from in 1986. Instead of gathering fee information on anesthesia, surgery, and hospitalization separately, practitioners were asked to state their charges for the services as a package. However, the survey did gather information on such charges for three categories of animals—cats and dogs under 20 pounds, dogs 20 to 49 pounds, and dogs 50 pounds and larger. ▶

CLIENT TRANSACTION FEES INCREASE IN MOST REGIONS

	Average client transaction 1987	Average client transaction 1986
West	$38.90	$35.20
Plains States	$28.90	$27.50
Great Lakes	$30.50	$29.30
Northeast	$35.10	$30.90
South-Atlantic	$36.20	$30.50
Mid-South	$31.00	$28.00
Southwest	$34.00	$34.00

LARGE ANIMAL DOCTORS LEAD TRANSACTION FEE INCREASES

	Average client transaction 1987	Average client transaction 1986
Small	$35.20	$32.70
Mixed	$27.00	$25.30
Large	$35.30	$24.00

Farm call fees mixed

Total farm call charges per animal increased slightly in 1987 among mixed animal practitioners, though exam charges per animal for this type of practice remained about steady. Total charges per animal among large animal DVMs dropped slightly.

A closer look at farm call fees shows that the median mileage charge among large animal practitioners jumped 60 percent, from $.50 per mile to $.80. Exam charges per animal also showed modest gains of 4.6 percent for small animal practices and 1 percent for mixed. Exam charges per animal among large animal practices declined approximately 5 percent.

The median collection rate in 1986 improved slightly from the previous year. The rate for small animal practitioners was 98.3 percent, 95.7 for mixed, and 95.9 for large animal. ▶

SMALL ANIMAL PRACTITIONERS CHARGE HIGHER FEES

	Office (includes exam)	Lab analysis[1]	Radiography[2]	Antibiotic injection	Hospitalization[3]
Small animal	$15.60	$53.80	$25.20	$ 7.00	$11.30[4]
Mixed animal	$12.20	$43.60	$16.50	$ 4.60	$ 6.50[5]
Large animal	$10.20	$42.10	$15.90	$ 3.70	$ 8.20[6]
Equine	$15.60[7]	$59.70	$14.20	$10.10	$15.80[7]

[1] Includes urinalysis, blood chemistry, and CBC.

[2] Per film.

[3] Hospitalization includes daily exam and boarding.

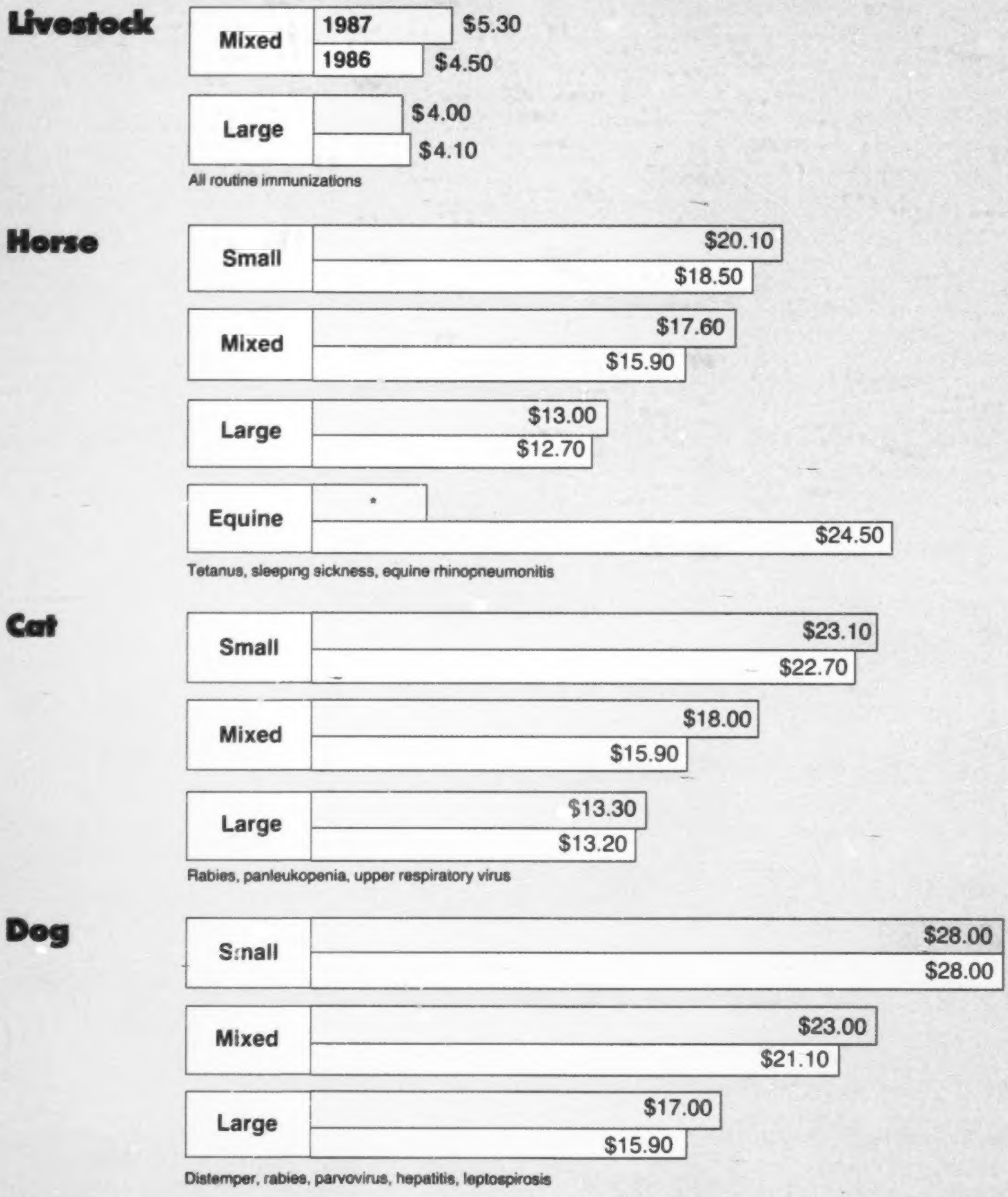
[4] Hospitalization for small animals under 20 lb. The median small animal practice fee for dogs 20-49 lb is $12.60 and for dogs 50 lb and more is $14.50.

[5] Hospitalization of small animals under 20 lb. The median mixed practitioner fee for dogs 20-49 lb is $7.60 and for dogs 50 lb and more is $8.40.

[6] Fee for bovine hospitalization.

[7] These equine figures have a low base.

MOST PRACTITIONERS RAISE IMMUNIZATION FEES



* Information not available.

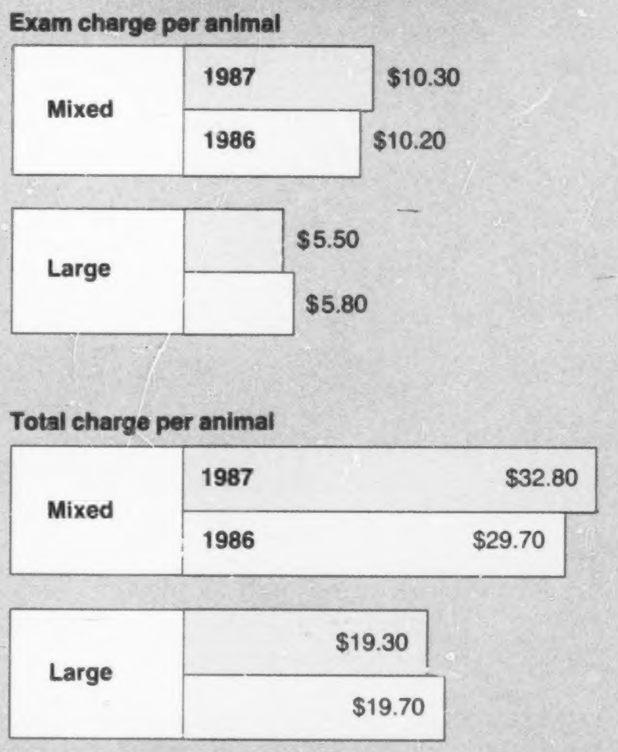
66 percent of all 1987 respondents include the examination fee in the immunization charge

	Office call (includes exam)	Lab analysis	Radiography	Antibiotic injection	Hospitalization
West	**$16.80**	**$63.70**	**$25.10**	**$8.30**	**$11.20**
Plains States	$10.80	$37.20	$20.00	$5.30	$6.70
Great Lakes	$14.20	$26.90	$21.20	$5.90	$10.70
North-east	**$16.20**	**$51.30**	**$22.00**	**$5.20**	**$13.40**
South-Atlantic	$15.40	$51.70	$21.00	$6.50	$10.70
Mid-South	$12.90	$35.50	$20.00	$6.00	$10.40
Southwest	$14.10	$34.70	$20.80	$7.90	$ 9.40

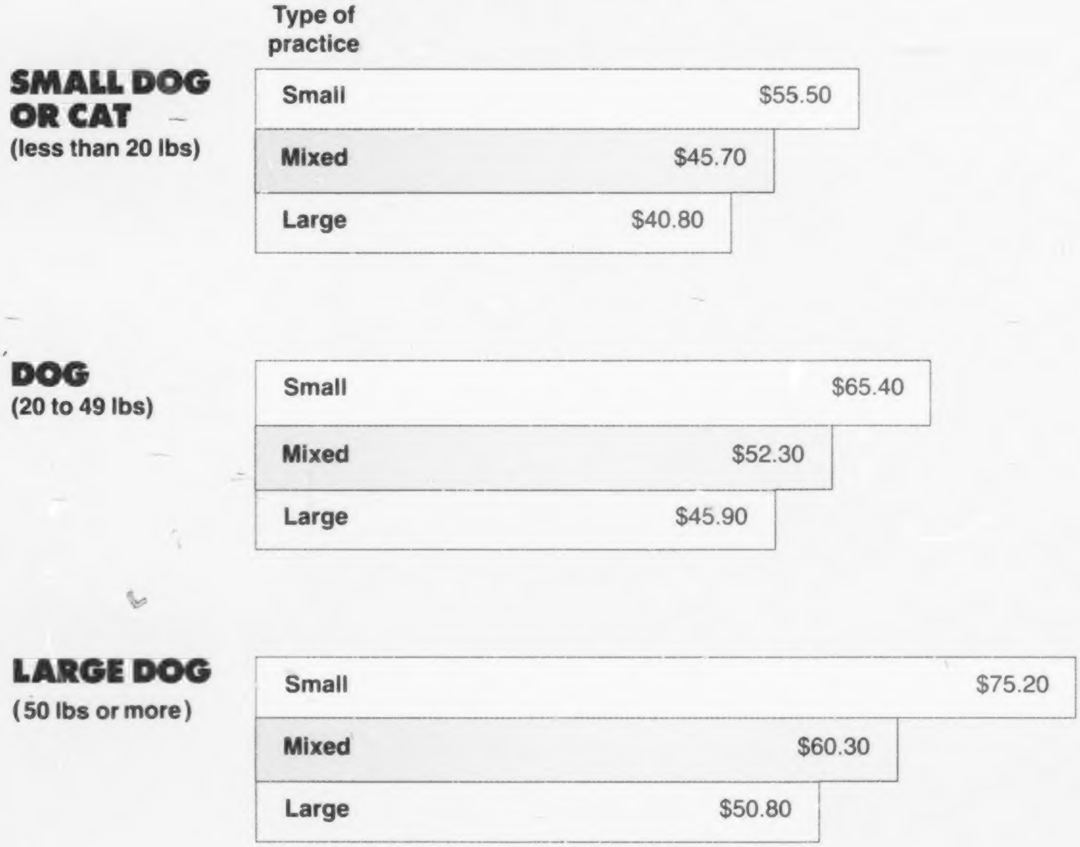
STANDARD FEES CREEP HIGHER IN MOST REGIONS

Although fees for standard veterinary services increased slightly in almost all regions, the West again led the nation. Hospitalization fees showed the greatest jump in the Northeast and office call charges were still lowest in the Plains States. While fees for radiography were fairly consistent in all regions, lab analysis charges for standard tests varied drastically. The total fee for urinalysis, fecal, blood chemistry, and CBC was more than twice as much in the West as in the Great Lakes.

FARM-CALL FEES VARY BY TYPE OF PRACTICE



OVARIOHYSTERECTOMY FEES VARY GREATLY BY TYPE OF PRACTICE*



*Ovariohysterectomy fees include anesthesia, surgery, and hospitalization.

HOW DOES YOUR INCOME STACK UP?

VETERINARY ECONOMICS' Continuing Survey shows mixed results for the profession.

By Deborah Shouse

If you're working more but netting less, you're not alone. VETERINARY ECONOMICS' 1987 Continuing Survey shows veterinarians had a discouraging 1986. Generally, the typical practitioner across the country grossed $114,600 and netted $40,500 this past year. That compares to 1985's gross of $113,600 and net of $41,100.

On the farm, in the city

Large animal earnings leaped 11 percent, from $102,500 in 1985 to $113,900 in 1986. Mixed animal doctors grossed only 2.6 percent more, with 1986 earnings of $111,700. Small animal earnings crept down to $117,800, a decline of 3.1 percent from 1985.

THE AUTHOR, who holds an MBA from Rockhurst College, is a business and financial writer from Leawood, Kan.

The 1987 Continuing Survey was mailed in January to 4,500 veterinarians in private practice (compared to 3,500 questionnaires sent in 1986). Usable returns ran 912, 222 more than in 1986.

All figures in the following charts are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS.

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Net earnings decreased 1.5 percent, while expenses outsped earnings for all practice types. Mixed animal practitioners kept the tightest rein on their costs, with an increase of only $600 from 1985. Small animal doctors each spent $2,300 more in 1986. Expenses for large animal doctors galloped from $48,000 in 1985 to $54,400 this past year.

While rising expenses of 2.5 percent outdistanced the modest 0.8 percent increase in gross income in 1986, Owen McCafferty, CPA, describes 1987 and the future economic situation for the profession as hopeful.

"Fees have gone up and the number of total visits have generally increased," comments McCafferty, a leading authority of financial management and practice evaluation for veterinarians. "This is a healthy sign."

Associates see more dollars

Employed veterinarians fared a little better in 1986, finding 0.4 percent more income to take home. Still, their typical $28,500 income holds little spark for the future.

Individual drugs and medical supply costs on a per-practitioner basis shot up 6.9 percent, while total practice expenses for drugs and medical supplies soared 12.4 percent.

Even though veterinarians are netting less, they are collecting a greater portion of their receivables. All types of practices improved collections, but small animal led with a 98.3 percent success rate.

McCafferty credits part of this success to computers. "Computers make billing easier and more efficient," he says.

The Ohio CPA believes the initial dip in income and time consumed in adapting to a computerized environment is ending for many veterinary practices. "They are starting to see benefits," McCafferty says.

Practice improves profits

Top earners tend to be older and seasoned practitioners. Veterinarians practicing 21 to 30 years netted the most at $52,500, compared with 1985's high earners practicing 11 to 20 years, who made $52,100. The second highest net at $49,200 was produced by those DVMs practicing 31 to 40 years. The first five "formative" years are the low earning years, coughing up only $23,300.

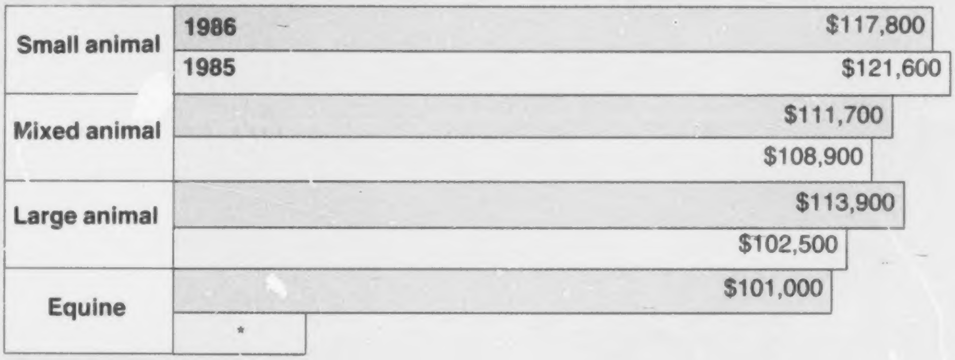
Corporate animals have more

As in the past, incorporated practices earned more than unincorporated. Owners in corporations netted $51,900, *vs.* the $43,200 net of unincorporated DVMs. ▶

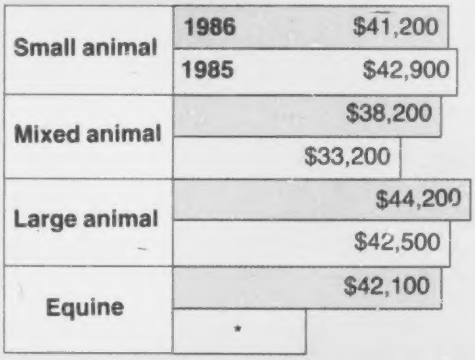
GROSS INCHES UP BUT NET SLIPS

While the median gross of all practitioners increased $900 to $114,600, individual veterinarian net dipped $600. The culprit was expenses, which rose 2.5 percent to $56,700. Net earnings as a percentage of gross increased for many. Mixed animal practitioners lead with a 2.5 percent jump. Small animal practitioners cleared 1.3 points more and large animal doctors remained even.

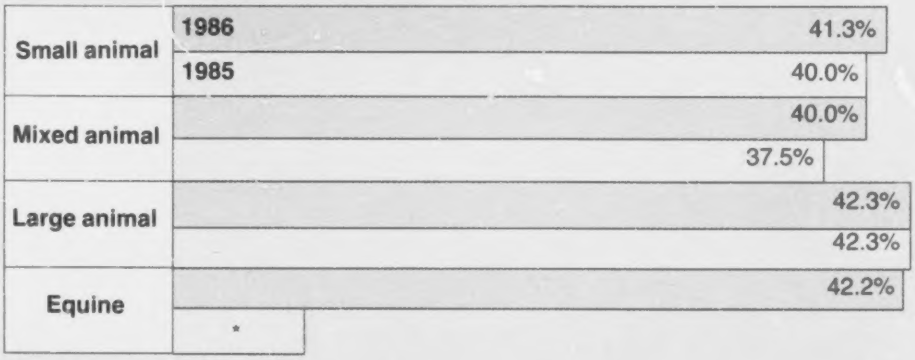
GROSS EARNINGS



NET EARNINGS



NET AS A PERCENTAGE OF GROSS



* Information not available.

"Because of the differential in tax rates, the corporation can accumulate more working capital and compete more effectively," says CPA McCafferty. "Plus, corporations demand organization, logic, and planning."

Despite the tax savings and increased earnings potential, only 29 percent of the male veterinarians are incorporated, while 53.2 percent remain unincorporated and 17.8 percent are employed. Of the females in private practices, a mere 9.3 percent wear the corporate shield.

Large animal practices had the highest percentage of incorporation, with 30.4 percent, a significant decline from 39 percent in 1985. Among mixed animal veterinarians, 26.6 percent worked in a corporate structure, as did 25.5 percent of the equine and 24.4 percent of small animal DVMs.

More work for a little extra

In 1986, large animal practitioners again worked more hours than their colleagues, but they also rode home with the highest earnings. The small animal doctors escaped the grueling 57-plus hour weeks of their colleagues. They hurried home after 48.3 hours.

Despite longer hours and lower pay for practitioners, McCafferty believes the veterinary profession is nearing a "breakthrough."

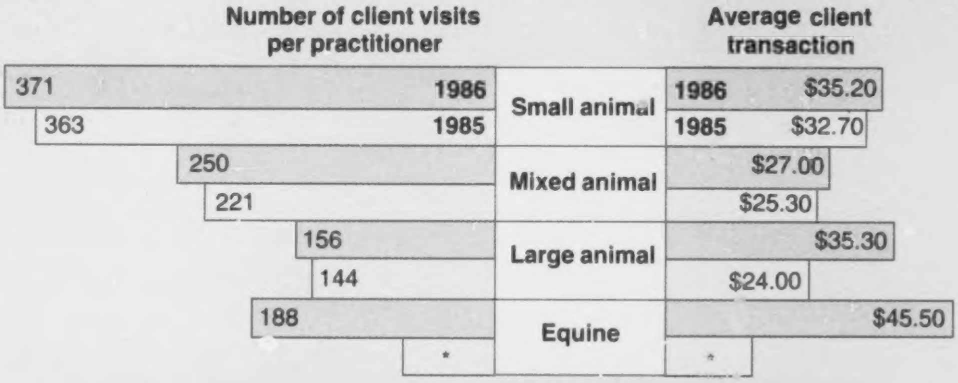
Increased client transaction fees for all practice types point to a friendlier marketplace. While expenses still stand as a roadblock to improved earnings, "they may also discourage new practices and thus decrease competition," says McCafferty.

"Fewer new practices will begin because of the enormous start-up costs," he predicts. "The high cost of space and increased drug expense add to the beginning practitioners' financial demands."

"Six years ago the industry was in a slump," he says. "The last two years have been a healing.

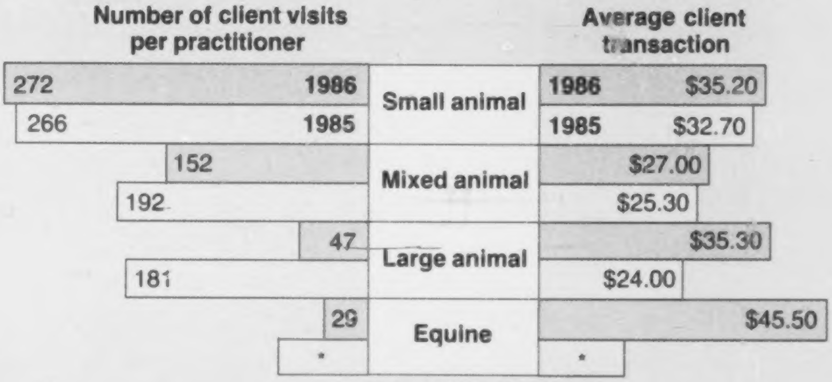
"Practitioners are thinking about hiring more doctors," McCafferty observes. "That's a sign of promise and progress." ▶

CLIENTS STILL VISIT VETERINARIANS MORE IN SUMMER



*Not available for 1985

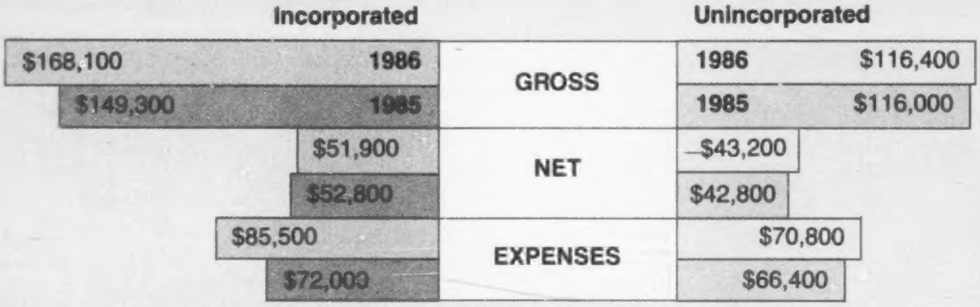
WINTER CLIENT VISITS DECLINE DRASTICALLY



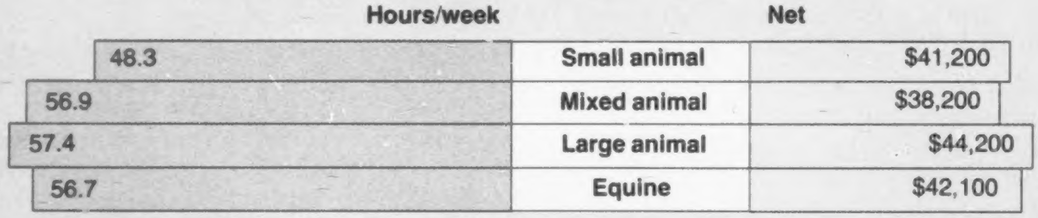
*Not available for 1985

INCORPORATED DVMs STILL EARN MORE

Though incorporated doctors grossed more in 1986 than the previous year, considerably higher expenses ate into their margins. Still, incorporation was the way to go because these veterinarians grossed almost 31 percent more and took home nearly 17 percent more. Unincorporated practitioners increased their gross only $400 and raised their net the same figure while expenses rose $4,400.

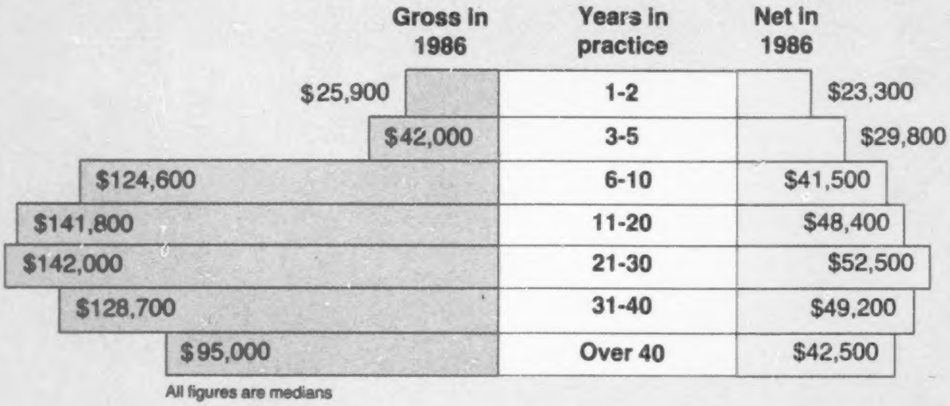


WORKING LONGER YIELDS A LITTLE MORE



PRACTICING LONGER INCREASES YOUR REWARDS

Justly so, your income increases slightly according to your years in practice, to a point.



All figures are medians

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy, $30 a year (U.S.A.), $40 a year (Canada and Mexico), $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

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MEMO FROM THE EDITOR

There's no magic pill to create new clients

A friend gave me a unique gift: small tablets that produce instant pets. You drop one of the red, yellow or green pills into a container of warm water and watch a dinosaur grow. The red pill transforms into a spongy tyrannosaurus. I'm waiting until I have a bigger house before I try the yellow and green pills and add to my prehistoric herd. These So-Much-Fun-Inc. pets don't require a veterinarian's care. They don't need to be fed or loved either. I was cautioned not to get these wonder pills mixed up with my vitamins. I'd hate to think what I'd do if I had a dinosaur growing in my stomach. Would I call a veterinarian or a physician first?

What about pills to produce new clients? I imagine research is a ways off yet for that. If researchers started with dinosaurs, then people pills are long way down the list, if you hold with evolution. If you favor creation, our pills may be next. But it's too bad that practitioners can't find pills they can toss into their waiting rooms to make new clients sprout—a twist on Jack and his magic beans. Until these dream tablets come along, you'll have to find clients the old-fashioned way: with good service, self-promotion, and hard work. No alchemist's tricks. This month's cover story shows how successful practitioners have attracted a new inventory of clients. They realize their clients are their most important asset, even more important than their facilities.

There are two good reasons to cast for new clients. First, your client base undergoes natural loss, and you've got to restock the tanks just to stay even. Second, your economic growth, in part, depends on gaining new clients. With the median client transaction running $35, and most clients visiting your clinic twice a year, each recruit can bolster your income $70. Ten new clients each month adds nearly $8,500 annually.

Michael D. Sollars

By Michael D. Sollars

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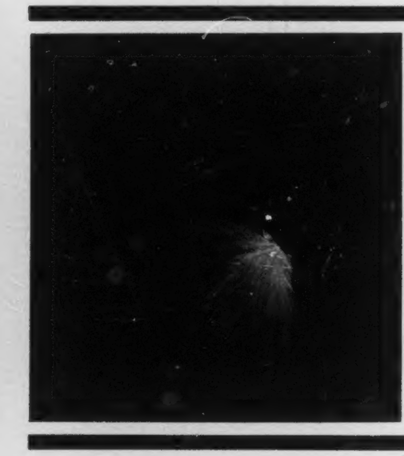

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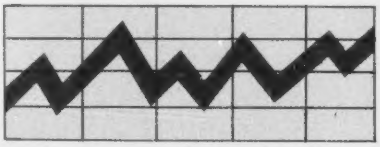

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Picture credits: cover, 42, Bill Kuhn/Steve Munz; 34, 35, 36, Robert Stein; 43, Virginia Veterinary Medical Association; 48, Master's Photography; 62, Ruth Metz; 80, Dana Gustafson.

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CASTING FOR CLIENTS

Fishing for new clients? If so, see what other veterinarians do to make their practices alluring to customers.

By Jingle Davis

Four years ago Dr. Stanley Steinberg decided to leave his inner-city practice in Richmond, Va., and move to the city's perimeter. Few, if any, of his friends supported his decision to move to the undeveloped suburb.

"Everybody thought I was crazy," Dr. Steinberg recalls. "There was nothing out here then."

Time has proved Dr. Steinberg, now 51, as crazy as the proverbial fox. He owns the Deep Run Veterinary Clinic, which has flourished in the suburban periphery. He and several part-time associates see 20 to 30 clients a day in the 3,200-square-foot clinic, which is projected to gross $260,000 this year. Last year 1,000 of those clients were new.

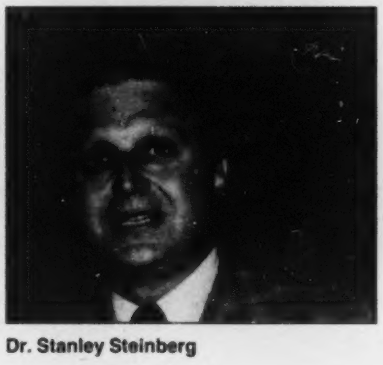
Many lures catch new clients

Attracting new clients is the goal of almost all practitioners, but how they go about bringing in new business varies. In a recent VETERINARY ECONOMICS survey, we asked practitioners to list the number of new clients they saw in 1986. We also asked them to tell us why they thought their business was on the increase.

Most practitioners listed word-of-mouth recommendations from satisfied clients as their strongest lure. Many veterinarians attributed their client growth to the dynamic upswing in new people in their area. Other significant factors included: practice locations, services offered, client relations, competitive fees, and a variety of advertising techniques ranging from listings in the Yellow Pages to display ads in area newspapers.

Practice location is the key for Dr. Steinberg. "I had a gut feeling the area would be good before I moved here," he says. But the small animal practitioner admitted he didn't base his decision to relocate on gut feeling alone.

"I spent some money on a demographic study, which confirmed what I already felt," says Dr. Steinberg, a 1959 graduate of the University of Georgia College of Veterinary Medicine.



Dr. Stanley Steinberg

Like the perimeters of many large cities, Richmond's is growing fast. Dr. Steinberg's clinic is located in an area of business and light industrial growth just off the main Interstate 64. There are new department stores and office parks nearby. A federal highway which runs in front of his practice will be expanded from two to six lanes in 1989. And this fall a new interchange is scheduled to open near Dr. Steinberg's clinic, which should funnel even more new clients into the practice.

"Where before there were 10 cars passing every five minutes, now there are 30 cars," Dr. Steinberg says. "The number of people working out here has jumped nicely."

For Dr. Steinberg, moving to a growing area where his well-located and architecturally-designed clinic has high visibility, contributed greatly to his growing practice. In addition, he received publicity from a local newspaper for being the first facility in the area to offer separate entrances and waiting rooms for cats and dogs. Plus, Dr. Steinberg structured his clinic hours to accommodate clients' working hours.

"On some days, as much as one-third of our business is drop-offs," Dr. Steinberg says. "We open early and have the clients make appointments. We also take as much advance history as we can over the telephone."

Dr. Steinberg also believes his people-oriented staff of four full-time and three part-time employ-

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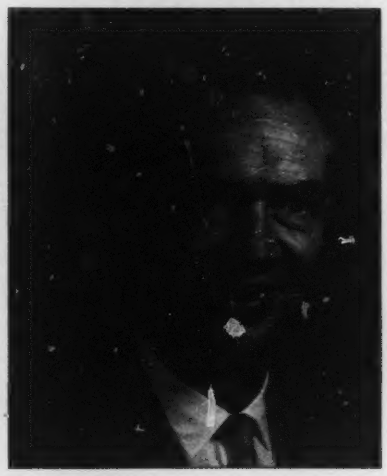
THE AUTHOR is this magazine's Southeast correspondent and writes for the ATLANTA CONSTITUTION ees helps keep his practice growing steadily.

"Taking care of the animals is the easy part," he says. "You've got to have people working for you who really enjoy dealing with people."

Location lands many

Like Dr. Steinberg, other practitioners say they attract new clients with their ideal locations. Dr. W. A. Elinburg, a 1951 graduate of the University of Georgia College of Veterinary Medicine, practices in Gwinnett County, near Atlanta—the fastest growing county in the United States. His Elinburg Veterinary Hospital is located 30 miles north of Atlanta in Lawrenceville, Ga.

Dr. Elinburg, a 67-year-old solo practitioner, says business is booming. "I began noticing a jump in new clients in 1961 or 1962," the practitioner recalls. "We now have 15 percent or more new cli-



Dr. W. A. Elinburg

FOLLOWING THE GOLDEN RULE ON THE SOUTH SIDE OF CHICAGO

Dr. Warren Anderson

Locating your practice in a high-growth area is often your best bet for attracting new clients quickly. That may not be practical if you're tied to brick and mortar, and pinned in a no-growth community. But there are tried-and-true ways to overcome even these obstacles.

Take the case of Dr. Warren Anderson, one of two partners of the Bevlab Veterinary Hospital in Blue Island, Ill., on the south side of Chicago. Blue Island, he explains, is a small city of about 17,000 people surrounded by metropolitan sprawl. "Blue Island had 17,000 people in 1958 when I started practicing. It still has that many," he says.

Still, Dr. Anderson, a 1956 graduate of the University of Illinois College of Veterinary Medicine, attracted more than 1,000 new clients to his 10,000-square-foot small animal practice this past year, even though his two-story clinic has no street sign and charges higher fees than many competitors in the area. Nor does Dr. Anderson worry about modern marketing techniques or the number of new hospitals in his area. He does nothing to encourage clients to bring new business, which is still on the increase, though at a slower rate.

How does he attract new clients? "We give good service," the 55-year-old practitioner says. "We don't rush clients in and out. We try to treat people as we'd want to be treated. Being in the area for 30 years, you get a reputation. We keep up on current practice trends and each of the partners has a specialty area."

This past year, Dr. Anderson and his partner—Dr. Robert Keough—saw about 40 clients a day, with an average client transaction of $40. The clinic's annual gross runs around $470,000. The practice employs two associate veterinarians, and three full-time and seven part-time staffers.

Staff turnover is low at the Bevlab clinic, which opened in the same location 19 years ago. "A consistent staff is important," Dr. Anderson says. "People like to see the same faces."

In addition, Dr. Anderson, who recently stepped down after serving six years on the AVMA executive board, is still enthusiastic about his profession even now, when he is currently in his third decade in practice.

"I'm very bullish on the profession," he says. "If you can't enjoy what you do, you need to get out." And Dr. Anderson holds hard to the Golden Rule: "I believe in being honest with clients, and being as knowledgeable as you can be," he says. "The word gets around."

YOUR COLLEAGUES SAY REFERRALS DRAW NEW CLIENTS BEST

A nationwide survey conducted by VETERINARY ECONOMICS in March 1987 asked practitioners what methods proved most successful in pulling new clients to their clinics. The two leading methods are referrals and growth of area around clinic.

Method	Percent responses	Method	Percent responses
Referrals	18%	Advertising	7%
Growth of area	14	Staff	6
Locations of practice	11	New clinic	3
Services offered	10	Competition	2
Client relations	8	Computer	2
Fees	8	Community involvement	2
Professionalism	8	Longer hours	1

ents every year."

Gwinnett's phenomenal growth has brought other veterinarians to the area and they compete for new clients.

"When I started this practice in 1951, there was one other DVM in the county," Dr. Elinburg says. "Now, there are about 30. The competition cuts down some on new clients, but I still get new clients weekly and monthly."

Although Dr. Elinburg thanks the area's growth and his hospital's location on two state highways for attracting new business, he says the old word-of-mouth from satisfied clients has been his most reliable lure.

Another reason for success is that two of his three full-time employees have worked beside him for eight years at his 3,000-square-foot facility. The practice recorded a gross income of about $150,000 last year with about 25 clients a day and the average client transaction running $16.

While Dr. Elinburg has welcomed about 600 new clients in the past year, he says some of the newcomers, transplants from around the country, are sometimes harder to satisfy than local clients.

"I have to spend 15 percent more time with the new people than with the locals," Dr. Elinburg says. "They seem to expect it." He figures that time factor into his fees, charging for extra time spent with new clients.

Former clients can refer

Dr. Joe W. Lindley, a 1963 graduate of Texas A&M College of Veterinary Medicine, is sole owner of the Lindley Veterinary Clinic in Dallas, Texas. The 1,800 square-foot clinic, which grossed $450,000 this past year, is located in a shopping center in a residential area of the city.

"Our area is rather unusual," he says. "We see a lot of people coming and going. There's a rapid turnover of homeowners." This past July, for instance, he saw five new clients a day. At the same time, Dr. Lindley says, the area isn't growing rapidly. He describes his neighborhood as "white-collar, upper-blue-collar," with middle-management people climbing the corporate ladder.

Dr. Joe W. Lindley

Dr. Lindley has been at his present location since 1970 and has a staff of eight employees, four of whom are full-time. He and one other practitioner—Dr. Mark Carter—see 45 clients a day with an average client transaction of $37. In 1986, 763 new clients visited the practice.

Some of those new clients, he says, were probably drawn to the Lindley Veterinary Clinic by his sign, which is visible from the street and lighted at night.

"I guess that's our second most important way of getting clients," he adds. What's hooks most of his clients? Again, word-of-mouth praise.

"We've worked very hard in past years to retain clients, being nice to people and doing a very good brand of medicine," Dr. Lindley says. "It seems that people in our area appreciated that and recommended us because of it. We try to welcome and be friendly to every client. We make a big deal of being glad they're here."

Staff, prices, services add up

Dr. James Kuhn, owner of the Florissant Animal Hospital in

Florissant, Mo., has seen an impressive number of new clients since he purchased the 5,000-square-foot clinic from his uncle three years ago. Because of growing competition in the suburban St. Louis area, Dr. Kuhn realized he needed to alter the way he ran his hospital to compete in today's marketplace.

"Business was on a 10 percent slide when I bought the hospital. But we've been up 15 percent every year since then," says Dr. Kuhn, a 1984 graduate of the University of Missouri College of Veterinary Medicine. Last year Dr. Kuhn and the three other doctors at his facility saw about 1,200 new clients.

He attributes the hospital's growth to a friendly staff, competitive prices, and the wide range of services they offer.

Since many area clinics specialize in outpatient work, such as vaccinations, spays, and routine surgery, Dr. Kuhn restructured his fee schedule for those services.

"We're competitive on the things people shop for among clinics in our area," Dr. Kuhn, 28, says. "We increased prices on services other clinics can't perform, like teeth cleaning, major surgery, X-rays."

In addition, Dr. Kuhn says he believes word-of-mouth advertising builds his business.

"We send thank-you cards for referrals, plus every Christmas we get written up in the local papers for sending Christmas cards to pets," he says.

Florissant is a mobile, blue-collar community where major employers are the McDonnell-Douglas Corp. and a Ford manufacturing plant. So Dr. Kuhn has structured his clinic's hours to accommodate commuters.

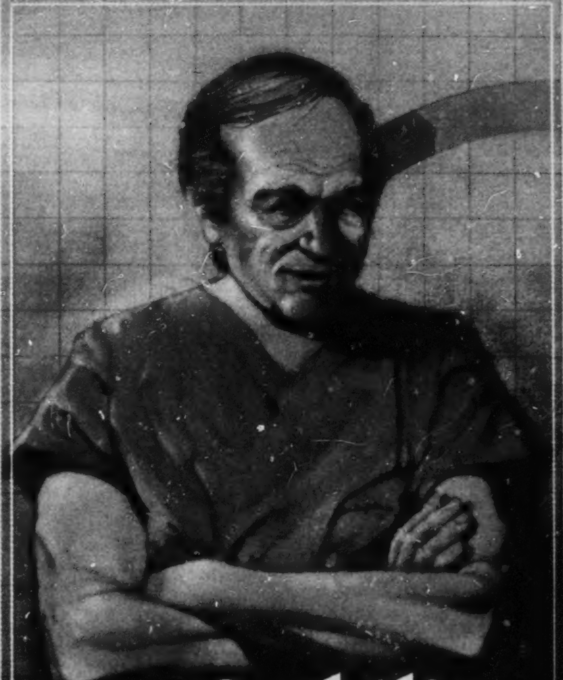
"I'd say 70 percent of our clients work either at McDonnell-Douglas or the Ford plant," Dr. Kuhn says. "Many are engineers or military people and there's a lot of turnover."

Kuhn's clinic sees about 30 clients a day and client transactions average about $43. Annual gross income ranges from $450,000 to $500,000.

Although the clinic is located on a major highway, it sits back from the road on a four-acre tract.

"There's another large clinic on a nearby road, and our location—back as far as we are—hurts us a little," he says. "I have to stay a little more competitive on prices than the other clinic."

Although his clinic has a sign on the road, Dr. Kuhn says it isn't large enough. "We have strict sign ordinances here, so I can't increase the size. We're stuck with what we have." ■



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YOUR EXPENSES TAKE A ROLLER COASTER RIDE

VETERINARY ECONOMICS' 1987 Continuing Survey reveals that many of your expenses shot high while some costs declined.

By George Earle MANAGING EDITOR

While 1985 expenses increased almost across the board, 1986 saw some of the widest expense fluctuations recorded by VETERINARY ECONOMICS' Continuing Survey.

One of the most remarkable swings came in salaries and bonuses paid to employed large animal veterinarians by owner practitioners. This expense shot up from a median of $15,000 in 1985 to $21,200 in 1986. That followed an equally startling jump from $7,000 in 1984. Salaries and bonuses for non-DVM assistants also increased substantially in mixed animal practices from $13,100 in 1985 to $15,400 last year.

Mortgage payments also varied

Office/hospital mortgage payments showed similar wild changes, some going up drastically and others dropping greatly. Large animal practices saw office/hospital expenses increase from $2,800 in 1985 to $4,100 in 1986. A regional breakdown shows that the South Atlantic practices increased such expenses 38.5 percent, while the Southwest saw a 35.3 percent decline.

Professional car upkeep and depreciation for large animal practitioners increased $1,000 in 1986 to reach $5,700.

Two expense categories, depreciation on medical equipment and malpractice insurance, changed very little from 1985 to 1986. Equine doctors spent the most on both, logging $1,500 per DVM for malpractice insurance and $2,900 each for medical equipment depreciation.

Costs bounce up and down

Total drug and medical supply costs for all 19,219 U.S. practices in 1986 shot up to $734 million from 1985's $640 million. Astonishingly, mixed animal practices spent 52.9 percent more on drugs and supplies in 1986 than in 1985.

And while all regions saw an increase in the cost of drugs and medical supplies, the Plains States rose 30.8 percent to $55,600 per practice. The Northeast was close behind with a 21.1 percent increase that amounted to $35,600 per practice. ▶

EXPENSES FLASH WARNINGS

VETERINARY ECONOMICS' 1987 Continuing Survey data are based on tax-deductible professional expenses reported by individual veterinarians. Professionals in group practice were asked to estimate only their share of the tax-deductible expenses of the group, partnership, or professional corporation.

Continuing education expenses for small animal practitioners continued to decline to $700 in 1986 from $800 in 1985. Large animal doctors' expenses remained at $600. Mixed animal doctors reduced this expense from $600 to $500.

MALPRACTICE INSURANCE

	1986	1985
All DVMs	$ 400	$ 400
Small animal	300	300
Mixed animal ★	600	500
Large animal	600	600
Equine	1,500	*

SALARIES, BONUSES AND RETIREMENT FOR EMPLOYED DOCTORS

	1986	1985
All DVMs	$22,200	$20,000
Small animal	23,800	20,600
Mixed animal	21,000	20,000
Large animal ★	21,200	15,000
Equine	22,500	*

SALARIES, BONUSES AND RETIREMENT FOR NON-DVM ASSISTANTS

	1986	1985
All DVMs	$20,500	$19,700
Small animal	24,700	23,500
Mixed animal ★	15,400	13,100
Large animal	11,200	9,700
Equine	11,700	*

DRUGS AND MEDICAL SUPPLIES

	1986	1985
All DVMs	$29,400	$27,500
Small animal	26,200	25,500
Mixed animal ★	39,000	33,900
Large animal	46,500	45,000
Equine	28,500	*

OFFICE OR HOSPITAL MORTGAGE PAYMENTS

	1986	1985
All DVMs	$10,500	$10,000
Small animal	12,400	11,500
Mixed animal	5,200	6,400
Large animal ★	4,100	2,800
Equine	5,100	*

DEPRECIATION ON MEDICAL EQUIPMENT

	1986	1985
All DVMs	$3,400	$2,900
Small animal ★	3,800	3,300
Mixed animal	3,200	3,000
Large animal	1,600	1,400
Equine	2,900	*

PROFESSIONAL CAR UPKEEP AND DEPRECIATION

	1986	1985
All DVMs	$3,400	$3,300
Small animal	2,900	2,800
Mixed animal	4,200	4,000
Large animal ★	5,700	4,700
Equine	6,200	*

*Insufficient numbers ★ Greatest change

PRACTICE EXPENSES FOR DRUGS AND MEDICAL SUPPLIES INCREASE DRAMATICALLY

Drug and medical expenses for all veterinary *practices* increased to $734 million in 1986 compared to $640 million in 1985, according to VETERINARY ECONOMICS' 1987 Continuing Survey. That figure is based on a median expense of $38,200 per practice for 19,219 practices in the United States. The 1986 expenditure represents 14.7 percent more for drugs and medical supplies than the 18,747 practices spent in 1985. Note that 1986 figures for equine practices are included, though data for these practices in the previous year had too small a base to be significant.

Practices spend 14.7 percent more in 1986 than 1985

Practice type	1986	1985	Percent change
All	$38,200	$34,000	12.4%
Small animal	32,300	30,300	6.6
Mixed animal ★	65,000	42,500	52.9
Large animal	67,500	*	*
Equine	43,300	*	*

*Base Insufficient
★ Greatest change

Plains states saw largest increase for drugs and medical supplies

Practice area	1986	1985	Percent change
Northeast	35,600	29,400	21.1%
Southwest	36,500	34,700	5.2
Mid-South	36,200	32,500	11.4
South Atlantic	35,700	33,600	6.3
Plains States	55,600	42,500	30.8
Great Lakes	38,700	36,500	6
West	35,800	33,300	7.5

OFFICE/HOSPITAL EXPENSES PER DVM FLUCTUATE WILDLY IN DIFFERENT REGIONS

Of all the expense categories monitored by VETERINARY ECONOMICS' 1987 Continuing Survey, none showed the kind of wild gyrations of office/hospital expenses. On a per DVM basis, the South Atlantic region saw a 38 percent increase in those costs while the West ran a dubious second, increasing expenses more than 35 percent. Meanwhile, the Southwest decreased expenses by 35 percent. The median for all DVMs was a 5 percent increase in office/hospital expenses. Of the seven regions, four reported expense decreases while three suffered increases.

To make an interesting analysis of office/hospital expenses by region and by type of practice, compare this chart to the numbers on the office/hospital chart on page 56.

Region	1986	1985	Percent change
West	16,400	12,100	35.5
Plains States	5,500	5,300	3.8
Great Lakes	7,700	8,600	−10.5
Northeast	7,700	8,700	−11.5
South Atlantic	13,300	9,600	38.5
Mid-South*	6,600	7,500	−12.0
Southwest	10,800	16,700	−35.3
All DVMs	10,500	10,000	5

All figures are medians excluding none.
*Figures have low base.

VETERINARIAN
OF THE YEAR
Dr. Alton F. Hopkins

Clients come first in
this all-purpose practice

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still mal

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DECEMBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

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Editorial and sales office
9073 Lenexa Drive
Lenexa, Kan. 66215
(913) 492-4300

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300
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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

"He comes up with answers, not detours."

The mystery and anticipation are over. We can now announce our 1987 Veterinarian of the Year, even ahead of TIME magazine's Man of the Year. I'm pleased to say that Dr. Alton F. Hopkins has been selected as the one person who has done the most to change the course of the veterinary profession. He was chosen from a long list of outstanding candidates, all nominated by fellow veterinarians.

Many of you know of this Dallas native's accomplishments, but a brief recap is in order (also see story on page 28). Dr. Hopkins's most important accomplishment has probably been the formation of the AVMA committee called FAVOR, Food Animal Veterinarians Organized for Results. The committee came about when large animal DVMs faced recession and ruin. Dr. Hopkins personally piloted this special relief squadron as it flew missions to help rescue the spirits of food animal veterinarians. He is now working to effect compromise between the "militant" group of AFAVMA (American Food Animal Veterinary Medical Association) and the AVMA.

As chairman of the AVMA's original Manpower Committee in 1979 that produced the Arthur D. Little Report, Dr. Alton has pushed hard since then for two things: a reduction in class sizes and increase in marketing efforts for the profession. "The AVMA has a big commitment today, spending around $300,000 annually on marketing," he says. Of course, he also served as president-elect (1985-1986) and president (1986-1987) of the AVMA.

I think the best way to characterize Dr. Hopkins is as Dr. Walter Juliff of Texas A & M did recently when he said, "He comes up with answers, not detours." I hope you all will join me in saying well done to Dr. Hopkins.

Michael D. Sollars

Michael D. Sollars

Dr. Alton Hopkins and wife, Bobbie, outside their Dallas home.

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veterinary economics
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YOUR AHT CAN BE A PRIZE BUT FRAGILE PACKAGE

Good AHTs combine practical skills with people skills to be valuable members of your practice. But they can burn out as easily as you.

By John Lofflin

Dr. Teresa Benton really didn't realize just how valuable Karen Hagen was until the technician went on vacation earlier this year. "I noticed I was spending less quality time with our clients," Dr. Benton explains. "I was taking temperatures, fielding questions on the telephone."

Dr. Benton apparently spoke for many of her colleagues. VETERINARY ECONOMICS' poll of a random sample of readers presented overwhelming evidence that technical skills and their effect on the veterinarian's time are the animal health technician's (AHT) most attractive attribute.

AHT competence frees DVM

The magazine's poll asked veterinarians to list the three best attributes of an AHT (or VHT, for veterinary health technician if the profession turns more liberal and allows this nomenclature). Four out of 10 respondents said the good AHT "relieves the veterinarian of mundane tasks, providing more time for clients and increased caseloads."

But that's not all. AHTs possess a variety of other attributes. Technical skills are listed by 35 percent of the veterinarians; competence and knowledge of procedures, 33 percent; performing lab tests, 18 percent; the ability to handle animals properly, 15 percent; professionalism, 8 percent; and the ability to anesthetize animals, 3 percent.

Practitioners count on their AHTs' strong personal skills as well. Good client relations figured in 24 percent of the responses. Another five percent appreciate their AHTs' honesty and trustworthiness; 6 percent, both intelligence and dedication; and 10 percent, industriousness. Ten percent of those responding simply listed a good personality and another 15 percent listed the ability to provide information to the client.

Dr. Benton, who is part owner with three other DVMs of a Torrance, Calif., small animal practice that includes two hospitals and one satellite clinic, has an AHT who actually led the way in office organization.

"When our latest AHT came on board," she says, "we were also in the midst of computerizing the practice. We had a lot of changes at once. She organized the inventory, lab work, and procedures so they could be integrated into the computer system.

"Organization is inherent in all of the AHTs we've had. There's a lot of attention paid in school to these things."

AHT's vital versatility

Dr. Benton is one who argues that the more the AHT does, the better use of time the veterinarian can make. She appreciates most an AHT who takes charge and who is versatile. She uses them from beginning to end.

"In our practice they're the first to see the animal," she says." They get the history, weight, and temperatures, which saves us all a tremendous amount of time. We've also got them doing a lot of the release work now. They discuss with the clients how to give the medications, what needs to be done by the owner, and what follow-up will be required for the animal. They also do a lot of the phone work. The AHT staff just takes a load off us, and they have a lot of rapport with the clients, too."

Dr. Benton says one of her AHTs is even in charge of hiring new kennel workers: "She's actually a better judge of people for that position."

A good AHT: money in the bank

"There's no question that they make money for us," Dr. Benton says. "They go into a room and if the animal has fleas, they suggest flea products. Tartar? They suggest the animal having a dental. If the AHT has mentioned it, then when we suggest it the second time, it's an easier sell. We often go into a room and the chart says 'wants a dental.' The AHT has already sold that. We find we're doing more dentals, more toothbrushes, more flea work."

Although she emphasizes technical skills in her personal list of favorite attributes, Dr. Benton says she also appreciates the value of what she calls people skills. "I can teach them how to draw blood or take X-rays," she says. "But we have one who can just walk into a room where someone is upset and that person will automatically calm right down. You can't teach that."

If Dr. Benton feels AHTs make

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more money for the practice, Dr. Rod Hall says his AHT makes clients think they're getting more for their money. Dr. Hall is a 36-year-old Tishomingo, Okla., mixed animal practitioner in beef cattle country. In practice nine years, his AHT has been on board almost half that time.

"Her best attributes show especially when she's dealing with clients," he says. "Clients feel they're getting more for their money when she's involved. The technician does the initial exam before we go in. She answers a lot of their questions. To the client, she's someone who knows what she's talking about."

Dr. Michael P. Thomas, DVM, a Tremont, Ill., mixed-animal practitioner who bought into his 20-year-old practice eight years ago, says his AHT keeps veterinary medicine fresh.

"My AHT frees me up to do other things," he says. "I can see more appointments while the AHTs are getting the animal ready. And in surgery she knows what to do without a lot of explanation. People skills are important, but to me the professional skills mean the most. I don't want to downplay communication. But a technician without a good background is not a good source of information for the client anyway."

That's just what Dr. Jack F. Kirk, DVM, a 60-year-old small animal practitioner in Hobbs, N.M., wants from his AHT. Not clean cages.

"If the technician is back there cleaning cages instead of taking time to explain a vaccination program, then the AHT is not being utilized correctly," he says.

Dr. Kirk began his practice in 1951 and hired his first technician in 1964. She outlasted the Beatles, who broke on the American charts that year, and she outlasted Dr. Kirk, who sold his interest in the practice two years ago and now works in it part time.

The mixed animal practice has three veterinarian positions and three technician positions. The practice is 70 percent large animal, 30 percent equine. Like other practitioners, Dr. Kirk lists technical skills first among favored AHT attributes, but he can't deny the communication skills.

"People skills? You asked what is *most* important," he says. "The technician we have now with the most seniority has good friends among our clients. They're often able to communicate better with her than with the doctor. She's not so intimidating. Clients sometimes look on us as little tin gods with our own language and all. They come in and the technician explains things in words they can understand."

How to keep good AHTs

Once she finds a good technician, how does Dr. Benton, in Torrance, Calif., hang on to her find?

"We pay them very well," she explains. "But that's not the whole story. One of our AHTs was offered a better paying position elsewhere, but we didn't lose her, because she realized there would be more stress involved in the other position.

"We try to minimize stress. We insist people get out on time. Take lunch, get a break. We have them punch the clock and leave on time. They can count on their hours. I don't like to impose on them with overtime, and of course, I don't like to pay overtime. We also pay for some continuing education. That shows them we care and keeps them on board."

Like Dr. Benton, Dr. Hall's AHT was lured by better pay. His left. "But she came back because she likes the environment better here," he says.

Dr. Thomas claims keeping AHTs with the right attributes is "a mystery," but with his incentive pay plan it's no surprise Patty Neville, his lead AHT, has been on board nine years. His plan improved more than tenure.

"Two years ago we developed an incentive pay plan that provides our AHTs with base salary plus 10 percent of any monthly increases in profits," he says. "It's been excellent so far. There have been very few months that we didn't pay a bonus. It gives our AHTs an opportunity to grow with the practice and not be locked into a salary."

It's no surpise to Dr. Carole Maltby, either, director of the Animal Health Technology program at Maple Woods Community College in Kansas City, Mo. "When a technician's salary is tied to percent of gross she'll stay," she says. "When techs are stuck at $6 an hour, they go. If they're made to feel they're part of the business, they stay."

Singing the salary blues

With all these good things to say about their AHTs, the practitioners almost always bemoan the salary they're paying. The feeling is widespread that once you find a technician with just the right set of skills for your particular practice style, money blues start playing. Several practitioners described real shortages of AHTs in certain parts of the country. Others said they currently have unfilled positions because the right applicant hasn't come along yet.

Dr. Robert Lerner says the AHT shortage is acute in Southfield, Mich., where only six of a class of 40 at the state university last year went into clinical practice.

"The rest were lured away by industry," he says. "In private practice they can expect to make just $14,000 to $16,000 a year, and in industry it's quite a bit more. The ones who want to expand their talents and make some money, and have the benefit of working in industry, have the opportunity to do it here."

After 13 years in small animal practice, the 35-year-old Dr. Lerner says he's developed empathy for the AHT.

"I feel for those techs, I really do," he says. "Veterinary practice has never been able to pay them what they deserve. Like veterinarians, they leave school and ask, 'Where are the benefits?' They're very proud of their profession, but the rewards are small by comparison."

SOME AHTS AREN'T SUCH GEMS

Not all DVMs feel such pity for their AHTs. In VETERINARY ECONOMICS' poll, nearly one in two of the negative attributes listed was "overconfidence." The veterinarians who responded argued collectively that AHTs who "tend to overstep their bounds by diagnosing medical" conditions create the biggest problems.

Fifteen percent of the irritants listed by practitioners concerned bad attitudes; 13 percent decried the desire for a larger salary. The list shows many practitioners feel that technicians don't know their place in the clinic. Another 11 percent of the responses indicated practitioners are irked by their AHTs' "unwillingness to do menial tasks." And 9 percent of the responses described AHTs as "frustrated, would-be vets."

Skills brought less ire than attitude. Just 13 percent of the negative attributes involved AHTs who are "poorly educated." However, an additional 11 percent listed "a lack of skilled techniques and incompetence."

Some DVMs feel skills *should* rank low on the list of negatives regarding AHTs. Says one Northern United States small-animal practitioner, skills are less a problem among AHTs than attitude. "If they come from a quality school, they're crammed with information and skills," he says. "But communication skills are very hard to come by. The tough task is trying to find an AHT with the best of everything.

"I find they can become calloused to the needs of their clients, just like veterinarians. We can easily get to the point where we resent having to give a client an explanation when he says 'I don't understand.' But we, as practitioners, are more tuned in because it's our own livelihood on the line."

Florida practitioner Roderick J. Biosca, DVM, also assumes the AHT educational experience makes technique a moot concern. He lists three attributes he imagines would be the worst to see in an AHT: rudeness to clients, disrespect to doctors, and poor personal hygiene.

"Those three are not problems I have here. It's the risk of them (problems) I have in mind," he explains. "The AHT I have now I'd put up against anybody's in the country. I think the danger has to lie in communication. Like veterinarians, they're never taught about business in college. They really need a public relations program in their curriculum."

As with veterinarians, Dr. Biosca finds that attitude problems often stem from disillusionment and burnout. He says he feels salary is what keeps the AHT.

"It's just like veterinarians. A lot of burnout in this profession is because salary doesn't meet expectation," he argues. "Understanding their personal needs is fine, but salary is still the most critical element."

One East Coast practitioner thought he had burnout solved. To rekindle the fire in one of his AHTs, he spent more than $1,000 for her to attend a professional seminar in Chicago. "She came back recharged and glowed for eight months after the seminar," he recalls. "But last June she left the practice for another profession."

The practitioner handles the AHT hiring for a 24-hour clinic. He says disillusionment is the heart of his problem with technicians.

"Veterinarians as a whole find the profession is not as glamorous once they've been in it a while," he says. "The same applies to techs. It's really sort of a dead-end profession for them. There are some supervisory positions in a clinic, but not many, and they tend to realize that after a year or so.

"Most of our techs make between $4.50 and $7 an hour. So many who come in with enthusiasm realize that's not enough money to justify the position."

He says another way to keep competent techs happy is to limit their duties. "In this practice they don't do kennel work and they don't fill in out front at lunch. We've found techs don't generally like to do those things, so it makes it a little easier for us to get and keep them from the smaller practices where they're really asked to do everything."

Weeding out weary applicants

Some practitioners argue that AHT prospects with attitude problems can be weeded out before hiring. The East Coast practitioner with burnout problems looks for trouble signs in the interview. He looks for "that gleam in their eyes." Even if they have it, he says he likes to bring them on board a few days for a tryout. The pressure is so great in such a situation, he says, that's the only way to know if they can take the heat.

Another practitioner is wary of applicants with other personality problems. Because he's often been fooled, his method is to check references carefully.

"We go a lot by references," he says. "Definitely we want to look at three. I always talk to former employers and I've found a number of problems that way. I thought the tech seemed excited about the job and easy to get along with, only to discover from former employers lack of motivation, quirks, inability to get along with staff and clients."

One Midwestern practitioner in a mixed-animal practice feels one should watch out for technical idiosyncracies rather than personality quirks. People skills are important, he says, but a consistent problem is technicians "too set in their ways" technically to adapt to the practitioner's particular style. And he says technicians often balk at doing some more practical jobs in the clinic.

"If the job doesn't fit exactly the training they've had, they're reluctant to do it," he says. "If it turns out to not be as glorious as the training suggests, like cleaning cages, they're upset. I just break the ice by saying 'you're the person responsible for the care of the patient, and this is part of that care.' "

TEN BEST ATTRIBUTES OF AHTS

Trait	Percent DVM responses
Frees up DVM's time	41%
Ability, technical skills	35
Competent, well-trained	33
Good with clients	24
Performs lab tests	18
Reliable, dependable	15
Handles animals properly	15
Good personality	10
Industrious	10
Professionalism	8

THREE WORST TRAITS OF SOME AHTS

Trait	Percent DVM responses
Oversteps bounds, diagnoses	49%
Poor attitude, arrogant	15
Unhappy about salary	13

Selling suits
some, but
others retreat

How to pric
your practi
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inventory control

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SEPTEMBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

EARNINGS: WILL THEY DANCE AGAIN?

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veterinary economics

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ABP BPA

VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300. Copyright © 1987 by Veterinary Medicine Publishing Co. All rights reserved. None of the content of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of the publisher. Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.), $40 a year (Canada and Mexico), $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

Your income has fallen out of step

Our September issue begins our annual series of financial articles on your earnings, expenses, fees, and other practice barometers. In this issue we're revealing how all practitioners in general fared during 1986. Our October issue will break down those national and regional income figures by small, mixed, large, and equine veterinarians. Your expenses also will be published in October, fees for many basic services in November, and more articles with the most current data available in December. This exclusive financial information results from our annual Continuing Survey in which we surveyed 4,500 practicing veterinarians. Our 1987 Continuing Survey marks the fifth year that VETERINARY ECONOMICS has compiled this data for the profession.

What about your income? As our cover story, "Earnings: Will they dance again?" on page 32 shows, your net income (after professional expenses, but before income taxes) has fallen off its feet. The article looks at some of the reasons for this imbalance and leads you through realistic moves you can follow to fall back into step.

Michael D. Sollars

By Michael D. Sollars

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COVER STORY

EARNINGS: WILL THEY DANCE AGAIN?

Our 1987 Continuing Survey shows your income is far from tripping the light fantastic. As a matter of fact, our $4.23 billion market is shrinking. What's wrong? Plenty.

By Michael D. Sollars EDITOR

Where's our GVP (gross veterinary product) going? Downhill, according to VETERINARY ECONOMICS' latest Continuing Survey. A measure of the total goods and services provided by the profession shows 1986 finished at $4.23 billion, down from 1985's GVP of $4.25 billion.*

For all industries, the gross national product (GNP) ran $4,206.1 billion this past year, compared to $3,998.1 billion in 1985. The veterinary profession contributes

---

*All figures except for the "gross veterinary product" (GVP) are based on medians. The GVP is calculated using mean or average gross income figures multiplied by the number of veterinarians practicing in 1986.

All figures in the following charts are medians.

Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS.

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GROSS EARNINGS UP ONLY 0.9 PERCENT

Individual gross income	Percent of practitioners	
	1986	1985
$200,000 or more	15%	16%
190,000-199,999	4	3
180,000-189,999	3	3
170,000-179,999	3	3
160,000-169,999	3	3
150,000-159,999	4	5
140,000-149,999	5	4
130,000-139,999	4	6
120,000-129,999	6	4
110,000-119,999	6	5
100,000-109,999	4	6
90,000-99,999	4	5
80,000-89,999	3	5
70,000-79,999	3	3
60,000-69,999	3	4
50,000-59,999	4	4
40,000-49,999	4	4
30,000-39,999	8	7
Less than $30,000	14	10
Median	1986 - $114,600	1985 - $113,600

Total goods and services provided by the profession in 1986 was $4.23 billion, down from $4.25 in 1985.

roughly 0.1 percent of the total country's GNP.

What about your personal gross and net income? Your gross income ran only $114,600 in 1986, a meager 0.9 percent increase over 1985's $113,600, based on median figures from the Continuing Survey. That 0.9 percent even trails 1986's figure of 1.1 percent consumer price index (CPI).

What about net income from your practice? Unfortunately, there's bad news there, too. Your take-home pay (earnings after tax-deductible expenses, but before income taxes) dipped $600 to $40,500 in 1986, vs. 1985's $41,100.

Expenses one culprit

Where do we point the blame?

Unfortunately, there's bad news about your net income too, as take-home pay dipped $600 to $40,500 in 1986.

There are a lot of targets. Let's start with expenses. In our annual financial survey that tracks veterinarian earnings, expenses, and fees, our respondents reveal that their expenses in 1986 rose 2.5 percent. The highest hikes went for drugs and medical supplies. The median ***practice*** spent $38,200 in 1986 vs. $34,000 in 1985, or up 12.4 percent. You should know that these figures include only practitioners who listed an expense in these categories. (Next month's VETERINARY ECONOMICS will detail the expenses and income for individual practice types.)

Let's put our expenses in perspective. A rise of 2.5 percent is pretty small on most economic

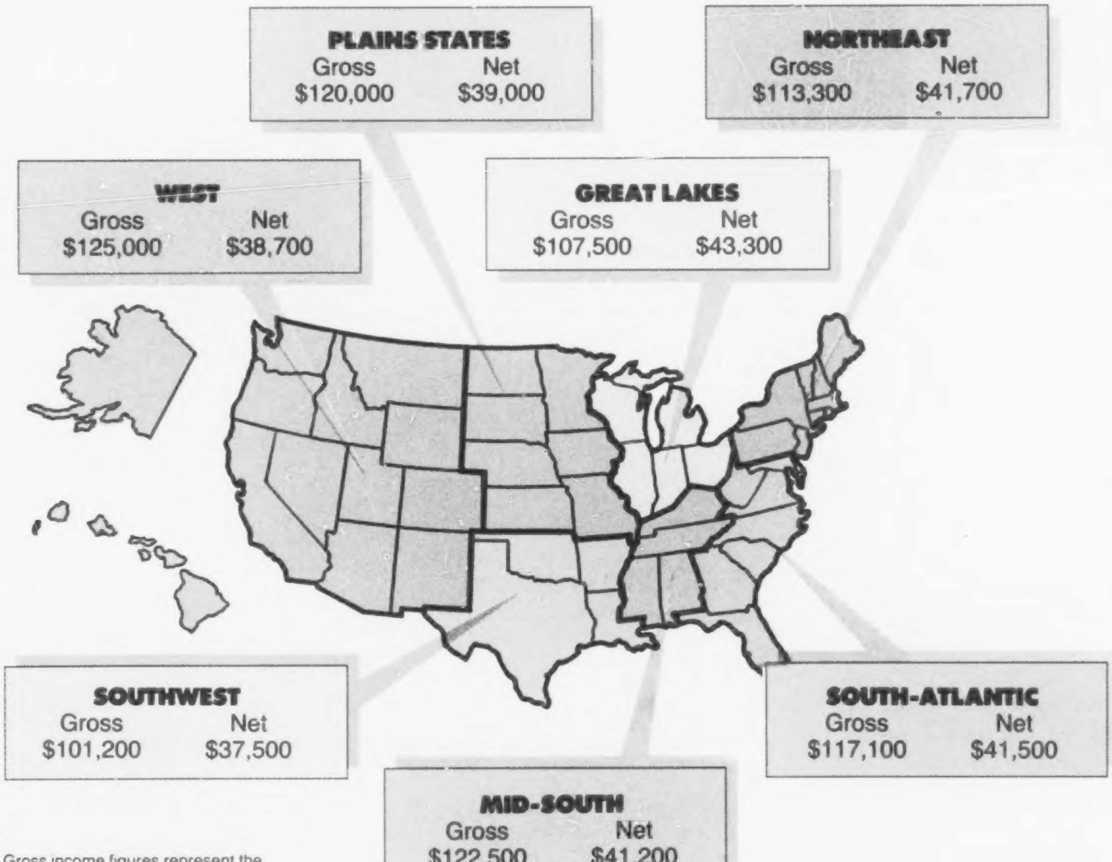
ELUSIVE NET INCOME SHRINKS 1.5 PERCENT

Individual net income	Percent of practitioners	
	1986	1985
$100,000 or more	5%	7%
90,000-99,999	2	2
80,000-89,999	3	5
75,000-79,999	3	3
70,000-74,999	3	4
65,000-69,999	3	3
60,000-64,999	4	3
55,000-59,999	4	3
50,000-54,999	6	7
45,000-49,999	9	6
40,000-44,999	9	9
35,000-39,999	9	7
30,000-34,999	10	10
25,000-29,999	10	10
20,000-24,999	11	10
15,000-19,999	4	5
10,000-14,999	2	3
Less than $10,000	3	3
Median	**1986** - $40,500	**1985** - $41,100

SOME REGIONS GAIN INCOME, SOME LOSE

Veterinarians in the Great Lakes states edged out all others in 1986 by netting a median income of $43,300, up 4 percent from 1985. The previous year, South Atlantic DVMs led the country with $48,900. That figure dropped 15 percent in 1986 to $41,500. The West also dipped in 1986, from $43,400 to $38,700, and the Southwest declined from $39,600 to $37,500.

Like last year, Great Lakes practitioners clung to the highest net as a percentage of gross—40.3 percent, up from 1985's 39 percent. Doctors in the West banked only 30.9 percent of their gross.


PLAINS STATES
Gross $120,000 Net $39,000
NORTHEAST
Gross $113,300 Net $41,700
WEST
Gross $125,000 Net $38,700
GREAT LAKES
Gross $107,500 Net $43,300
SOUTHWEST
Gross $101,200 Net $37,500
SOUTH-ATLANTIC
Gross $117,100 Net $41,500
MID-SOUTH
Gross $122,500 Net $41,200

Gross income figures represent the veterinarian's individual share of income brought into the practice. Net income figures are tabulated after expenses and before taxes.

▶

scales; it's indetectable on many scales. For instance, office-based physicians had a 10.6 percent growth in expenses from 1985 to 1986. Their net income also grew 10 percent over that same period.

Then why are veterinarians slipping? The basics are not being covered. One business fundamental dictates that you plan for higher expenses in the next fiscal year. You also plan to counteract those added costs. How so? By becoming aggressive with fees, offering additional services, and marketing your practice to new clients.

Fees, services, and client growth—these three areas—either strengthen or weaken the veterinarian's gross and net income from year to year.

Help ahead

In the months ahead, VETERINARY ECONOMICS will help you establish better fees, offer new services and products, and attract new clients to your practice.

While new clients remain the life blood of a practice, the loyal client is the one who will most likely pay for new services such as dentistry, buy pet foods and flea products from your waiting room display, and, more importantly, add another pet to his or her household.

Veterinarians are not challenging the marketplace. To get economic growth out of a mature market, you have to challenge, test, stretch the seams of the marketplace. That comes from better marketing of services and products. ▶

PROFILE OF TOP EARNERS, PAST AND PRESENT

Let's see how this year's top earners compare with last year's. While in 1985 the South Atlantic veterinarians were the big regional breadwinners, in 1986 it's the Great Lakes DVMs who made a splash. But the median figure is still $5,600 shy of last year's top earners. Incorporated practitioners lowered their median income $900, while unincorporated veterinarians' median income rose $400. The median for employed DVMs increased only $100. The median net for male doctors decreased by $200 from last year, and female DVMs' rose by $500. The highest paid age bracket moved from practitioners in their 40s to those in their 50s, but, again, the median figure dipped $1,100. Large animal practitioners leaped ahead of last year's winner, the small animal practitioner. Indeed, small animal doctors' median take-home pay actually decreased while large animal and mixed practice doctors boosted their incomes: large by $1,700, mixed by $5,000.

Great Lakes DVMs earn most:	$43,300
Incorporated practitioners earn most,	$51,900
ahead of unincorporated	43,200
and employed doctors:	28,500
Male doctors outpace female DVMs:	$43,600 vs. $27,700
DVMs in their 50s earn most:	$52,200
Large animal doctors outstride others:	$44,200 - large
	42,100 - equine
	41,200 - small
	38,200 - mixed

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VETERINARY ORAL SUSPENSION AND TABLETS
2003DIRO-05 3/78

Each 5 ml of suspension or each tablet contains

Kanamycin activity (as the sulfate)	100.0 mg
Aminopentamide hydrogen sulfate	0.033 mg
Pectin	25.0 mg
Bismuth subcarbonate	250.0 mg
Activated attapulgite	500.0 mg

THERAPEUTIC ACTION OF INGREDIENTS

Kanamycin Sulfate (Kantrim®): Kanamycin is active against Salmonella, Shigella, **Alcaligenes faecalis**, **E. coli**, Proteus, and **Staphylococcus aureus**, all species associated with bacterial enteric infections. It is not absorbed from the gastrointestinal tract, providing bactericidal action at the site of infection.

Aminopentamide Hydrogen Sulfate: Aminopentamide is an antispasmodic-anticholinergic agent capable of adequately inhibiting gastrointestinal motility.

Pectin: Pectin is a gastrointestinal detoxifying agent whose detoxifying properties are due to its high content of galacturonic acid, which produces conjugation products with many toxins, thus converting them to non-toxic substances.

Bismuth Subcarbonate: Acts as an adsorbent, protecting the gastrointestinal mucosa, neutralizing gastric acids, and helping to normalize the consistency of stools.

Activated Attapulgite: An activated clay mineral, 5 to 8 times superior to Kaolin as an adsorbent for bacteria, viruses, and toxins.

INDICATIONS

AMFOROL (Veterinary Oral Suspension and Tablets) is indicated for the treatment of bacterial enteritis in dogs (caused by organisms susceptible to kanamycin) and the symptomatic relief of the associated diarrhea.

DOSAGE

Dogs – The following dosage schedule is recommended, based upon a simple estimation of animal size.

Oral Suspension: Five ml (5 ml) per 20 lbs body weight every 8 hours. Maximum dose, 15 ml every 8 hours. For animals under 10 lbs, 2.5 ml every 8 hours.

Tablets: One tablet per 20 lbs body weight every 8 hours. Maximum dose, three tablets every 8 hours. For animals under 10 lbs, one-half tablet every 8 hours.

It is recommended that an initial loading dose precede the above schedule, consisting of twice the amount of a single dose.

PRECAUTIONS

Because of the bactericidal activity of kanamycin, prolonged treatment may permit overgrowth of nonsusceptible organisms (e.g., fungi). If remission of symptoms is not evident after 3 or 4 days treatment, the diagnosis should be re-established.

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NDC 0015-2003-60 – 480 ml
NDC 0015-2003-45 – 120 ml
AMFOROL Veterinary Oral Tablets – bottles of 100
NDC 0015-2006-60 – 100 Tablets

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HOW THIS YEAR'S SURVEY WAS CONDUCTED

Questionnaires for the 1987 VETERINARY ECONOMICS Continuing Survey were mailed late in January to 4,500 veterinarians in private practice—a random sampling from the master list maintained by this magazine. By the mid-May cutoff date 1,303, or 29 percent, of the veterinarians had responded. After we set aside returns with apparent discrepancies, incomplete responses, and those from veterinarians who had not been in practice throughout the year, our working sample consisted of 912 questionnaires. These were coded by VETERINARY ECONOMICS' research staff and tabulated by computer under the direction of Harvey Ross of Digitab Computing Inc., Syosset, N.Y.

	Percent of	
REGION	Statistical universe[1]	Survey sample
Northeast	15.5%	13.0%
South*	33.6	35.6
Midwest**	28.9	32.4
West	22.0	19.0

*Includes Southwest, Mid-South, and South-Atlantic.
**Includes Plains States and Great Lakes.
[1] Veterinary Medicine Publishing Co. mailing list, April, 1987

LOCATION	Percent of practitioners	**AGE**	Percent of practitioners
Urban	26%	Under 35	40%
Suburban	40	35-44	35
Rural	34	45-54	14
		55-64	10
		Over 65	1

SEX	Percent of practitioners
Male	56%
Female	44

A shrunken pie, divided among more hungry eaters, gives a smaller piece to many.

There's another trend in the profession that dramatically hurts your net income. By the end of 1986 the number of practicing veterinarians rose to 34,840 from 33,738 in 1985. That growth of 1,102 came in a market where the total dollars (GVP) had fallen. Simple math shows that a shrunken pie divided, although unevenly, among more eaters gives smaller pieces to many.

Here are more intriguing details: Our growing number of practitioners is producing a large group of younger DVMs. Almost one-half of the practicing DVMs are 40 years old or younger. They also tend to be associates (non-owners in practices). Employed veterinarians in 1987 make up 25.7 percent of all DVMs. In 1986 that figure ran only 20.7 percent. In 1987, 5 percent of our profession's net earnings shifted to the lower end of the pay scale.

Owners of practices fared fairly well. Veterinarians in unincorporated clinics netted $43,200. Owners in incorporated practices took home $51,900. Employed DVMs pocketed only $28,500. ■

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veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

SNEAK A PEEK AT YOUR COLLEAGUES' FEES

1987 Survey Figures

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9073 Lenexa Drive
Lenexa, Kan. 66215
(913) 492-4300

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

Stop being an Inspector Clouseau when it comes to tracking down fees

Here's how it usually happens: About 8 a.m. you fill your coffee mug and march into your office, yelling to the receptionist to hold all your telephone calls. You also hope you have created a "damn the torpedoes, full speed ahead" James or Jane Bond image in front of your staff. You shut your door with authority, but think you hear giggles from the AHTs lingering at the receptionist's desk. Dismissing those catcalls, you take your seat behind your desk, place the telephone in the center of the desk, and don your best client voice—all to prepare for that call to the clinic down the street to inquire about its fees.

You stare at the phone for a long time. Then you realize that your hand won't move toward it. You start to count the numbers from one to 10 forward and backwards, run through the alphabet, and strum the buttons with your fingers. You know this is worse than inviting your mother-in-law for dinner. After two hours you're anxious, miserable. You check your heart rate and find it racing like a greyhound. But you go on eyeing the phone like a dog checking for the late postman. You curse yourself for playing up in front of your staff this task of finding out your colleague's fees. You must save face. Finally you snatch up the receiver and smash your fingers against the buttons, all but one. You toss the silent receiver back into its cradle and vow to summon your courage again the next morning.

I'd *like* to tell you that this month's cover story, "Sneak a Peek at Your Colleagues' Fees," reads more like a suspense novel than the doctor tale mentioned above. I'd like to say there's intrigue, fast action, top secret information, back-room dealing, foreign capitals, and more in these pages. I'd like to tell you that, but it's not exactly true. There's no real cloak and dagger stuff when it comes to setting your fees.

How do practitioners really set their fees? Too often the veterinarian is Inspector Clouseau rather than an adventurous Bond when he wraps a paper towel over the receiver of the phone and asks his classmate his fees. Here's an old saw: If two veterinarians talk for more than eight minutes, one of them will invariably ask the other what he charges for a spay.

With this month's cover story we've taken the Pink Panther nonsense out of your hunt for perfect fees. No second story men or cat burglars needed, thanks. We've surveyed 4,500 veterinarians about their fees. Now you can sit comfortably in your office or at home and read what veterinarians now charge for many services.

Michael D. Sollars

By Michael D. Sollars

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Picture credits: cover, 26, 62, Bill Kuhn; 18, Dr. Louise Jones-Todd; 38, David Povilitis; 56, 57, 58, Doug Zachary.

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CAN A CPA COUNT IN YOUR PRACTICE?

This survey shows that DVMs use only a few accounting services but that CPAs can offer more.

By Richard J. Vargo, PhD,
and Jaime Agudelo, PhD, CPA

Most veterinarians need accounting assistance to manage their practice and personal financial affairs. Both CPA and non-CPA consultants, advisors, and planners offer income tax and management advisory services to veterinarians. But CPAs are more numerous and more generally available.

To determine how many veterinarians currently use CPAs, the range of services offered, and satisfaction with those services, questionnaires were sent to a random sample of 188 veterinarians practicing in 10 metropolitan areas of the country. The response rate was 38 percent.

Of the 72 respondents, 65 use CPAs for some aspect of managaing their practice or personal financial matters. Not only were CPAs widely used by veterinarians, but 31 percent were definitely satisfied, and 60 percent generally satisfied with the quality of professional services provided.

Those few veterinarians not using CPAs most often gave these reasons: Similar services can be obtained from others, CPA fees are too high, and CPA services are unnecessary.

The chart shows how veterinarians use CPAs. The first column indicates how many veterinarians used each professional service during the past year. The second shows additional professional services that the veterinarians wanted during the past year and would have paid for. The third column is a market service index, that reflects the relative degree to which CPAs are fulfilling veterinarians needs for professional services.

Beyond tax returns

Clearly, the preparation of income tax returns, and of financial statements, and income tax planning were the professional services used most often by this group of veterinarians. No other service was used by more than half of the veterinarians responding.

Note that only the income tax preparation service is being offered to all veterinarians. Thus, the often-heard allegation that the CPA/veterinarian relationship revolves around tax work appears to be substantiated.

Also note that cost control studies show a very low market service index, yet it is one of the services most requested by veterinarians. The demand exists because many DVMs face intense competitive pressures. In such an environment, doctors become acutely aware of the need for sound business practices and procedures.

Other CPA services

There are also several other services with low market service indexes, yet with relatively high demand for CPA expertise. Things such as review of insurance policies, assistance to obtain financing, personnel management, assistance to install a computer and budgeting have been ignored by CPAs. That is possibly because, in the past, fewer veterinarians requested them.

Most accountants are quite ca-

AUTHOR Richard J. Vargo is professor of accounting at the University of the Pacific, Stockton, California. He is co-author of the American Institute of Certified Public Accountants' continuing professional education program "Services to Clients Physicians, Dentists and Veterinarians."

AUTHOR Jaime Agudelo is an associate professor of Accounting at the University of the Pacific, Stockton, Calif.

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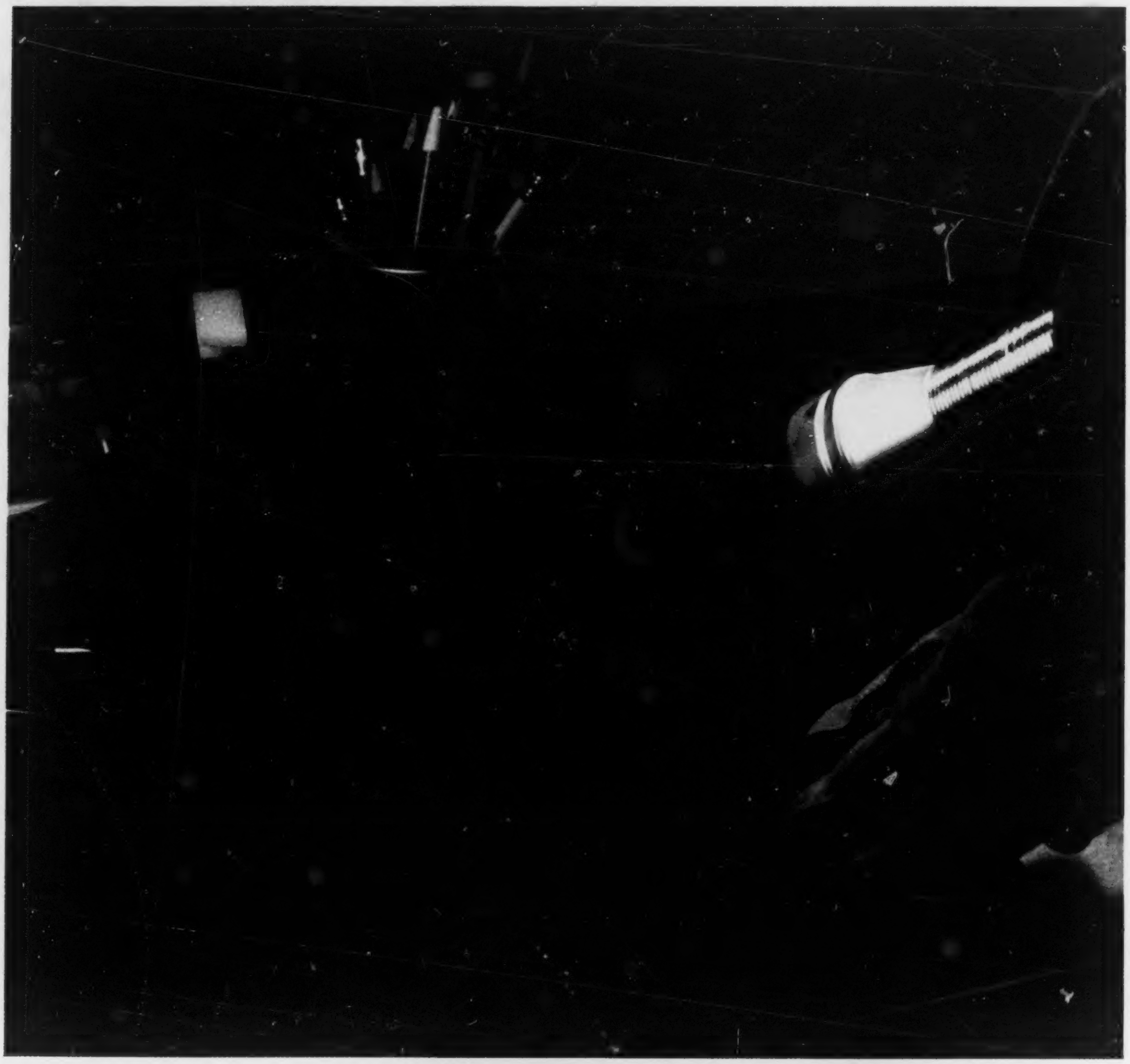
pable of rendering these services. However, the weighted average composite market service index of 58.6 percent indicates that approximately 41 percent of the services possibly needed by veterinarians are not now being provided by CPAs. This leaves substantial opportunity to expand CPA services to veterinarians.

It appears that DVMs underuse CPAs. Thus, many additional services could be offered to, and used by, veterinarians. ■

HOW VETERINARIANS USE CPAs

Professional service	Current (a)	Additional services (b)	Market service (a) ÷ (a + b)
Prepare income tax returns	65	0	100.0%
Prepare financial statements	39	3	92.9
Income tax planning	35	11	76.1
Review organizational form (partnerships, corporate form, etc.)	19	7	73.1
Financial plans for investments	15	16	48.4
Review of cash handling procedures	15	11	57.7
Review of accounting systems (feasibility of computers, etc.)	10	18	35.7
Estate planning	8	12	40.0
Review of receivables collection	6	13	31.6
Assistance in obtaining financing	4	10	28.6
Review insurance needs	4	14	22.2
Personnel management	3	9	25.0
Assist installing computer	2	7	22.2
Assist in office location	2	1	66.7
Cost control study	1	18	5.3
Budgeting	1	9	10.0
Patient/client schedule review	0	2	00.0
Office layout/decor analysis	0	1	00.0
Composite	**229**	**162**	**58.6%**



SNEAK A PEEK AT YOUR COLLEAGUES' FEES

No cloak and dagger required. Just glimpse VETERINARY ECONOMICS' 1987 Continuing Survey of clinic charges and see how you compare.

By George Earle MANAGING EDITOR

Even the most observant practitioner would have trouble spying a pattern to fee changes during 1987. But the VETERINARY ECONOMICS Continuing Survey does show that in certain regions, and among some types of practice, fees have changed substantially this year.

The best news for veterinarians is that average client transaction fees rose in most regions. While the West continues to lead in average transaction charges, small animal practitioners around the country saw a modest 8 percent gain. But taking a narrow edge over other practitioners, large animal doctors raised fees from $24 to $35.30, a 47 percent increase in average client transactions.

Office call fees have increased across the board. The average office call fee for large animal practices rose 26 percent from 1986 to this year. That number in mixed practices was up 14 percent, and in small, 5 percent.

One reason for the fee boosts may be the poor performance in DVM earnings during 1986.

Normal service fees up slightly

With the exception of hospitalization charges, the West continues to outpace other regions in fees for typical veterinary services. Doctors in the Northeast raised hospitalization charges 26 percent.

Basic immunization fees flopped all over the map, but generally reversed last year's downward trend. Charges by mixed practitioners for livestock immunization increased 17 percent. Fees for feline immunizations ran up more than 13 percent in mixed practices, and rose almost 2 percent in small animal practices.

Fees for canine immunizations remained steady in small animal practices but increased 9 and 7 percent respectively in mixed and large animal practices.

Ovariohysterectomy fee data was compiled differently this year from in 1986. Instead of gathering fee information on anesthesia, surgery, and hospitalization separately, practitioners were asked to state their charges for the services as a package. However, the survey did gather information on such charges for three categories of animals—cats and dogs under 20 pounds, dogs 20 to 49 pounds, and dogs 50 pounds and larger. ▶

CLIENT TRANSACTION FEES INCREASE IN MOST REGIONS

	Average client transaction 1987	Average client transaction 1986
West	$38.90	$35.20
Plains States	$28.90	$27.50
Great Lakes	$30.50	$29.30
Northeast	$35.10	$30.90
South-Atlantic	$36.20	$30.50
Mid-South	$31.00	$28.00
Southwest	$34.00	$34.00

LARGE ANIMAL DOCTORS LEAD TRANSACTION FEE INCREASES

	Average client transaction 1987	Average client transaction 1986
Small	$35.20	$32.70
Mixed	$27.00	$25.30
Large	$35.30	$24.00

Farm call fees mixed

Total farm call charges per animal increased slightly in 1987 among mixed animal practitioners, though exam charges per animal for this type of practice remained about steady. Total charges per animal among large animal DVMs dropped slightly.

A closer look at farm call fees shows that the median mileage charge among large animal practitioners jumped 60 percent, from $.50 per mile to $.80. Exam charges per animal also showed modest gains of 4.6 percent for small animal practices and 1 percent for mixed. Exam charges per animal among large animal practices declined approximately 5 percent.

The median collection rate in 1986 improved slightly from the previous year. The rate for small animal practitioners was 98.3 percent, 95.7 for mixed, and 95.9 for large animal. ▶

SMALL ANIMAL PRACTITIONERS CHARGE HIGHER FEES

	Office (includes exam)	Lab analysis[1]	Radiography[2]	Antibiotic injection	Hospitalization[3]
Small animal	$15.60	$53.80	$25.20	$ 7.00	$11.30[4]
Mixed animal	$12.20	$43.60	$16.50	$ 4.60	$ 6.50[5]
Large animal	$10.20	$42.10	$15.90	$ 3.70	$ 8.20[6]
Equine	$15.60[7]	$59.70	$14.20	$10.10	$15.80[7]

[1] Includes urinalysis, blood chemistry, and CBC.

[2] Per film.

[3] Hospitalization includes daily exam and boarding.

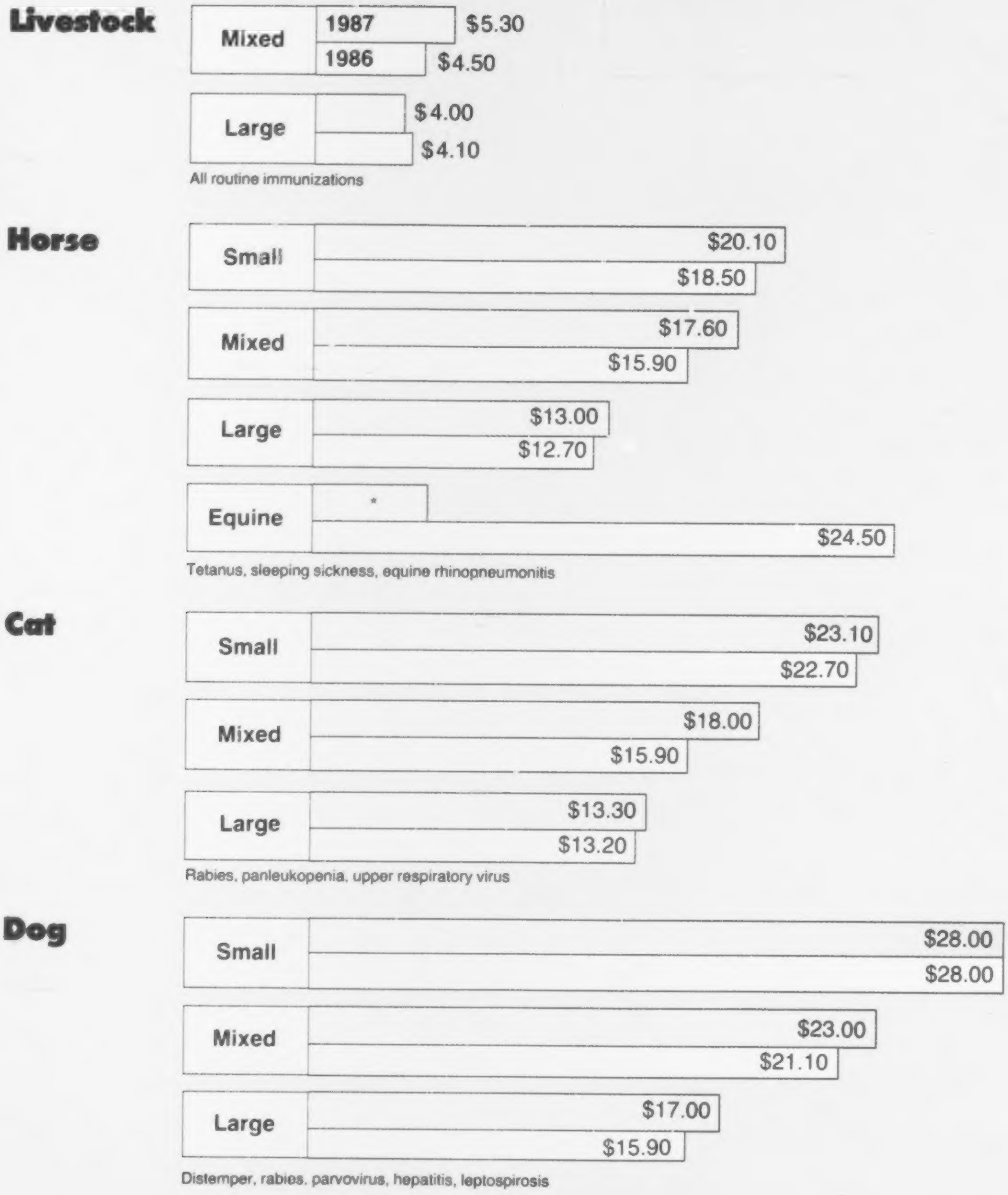
[4] Hospitalization for small animals under 20 lb. The median small animal practice fee for dogs 20-49 lb is $12.60 and for dogs 50 lb and more is $14.50.

[5] Hospitalization of small animals under 20 lb. The median mixed practitioner fee for dogs 20-49 lb is $7.60 and for dogs 50 lb and more is $8.40.

[6] Fee for bovine hospitalization.

[7] These equine figures have a low base.

MOST PRACTITIONERS RAISE IMMUNIZATION FEES



* Information not available.

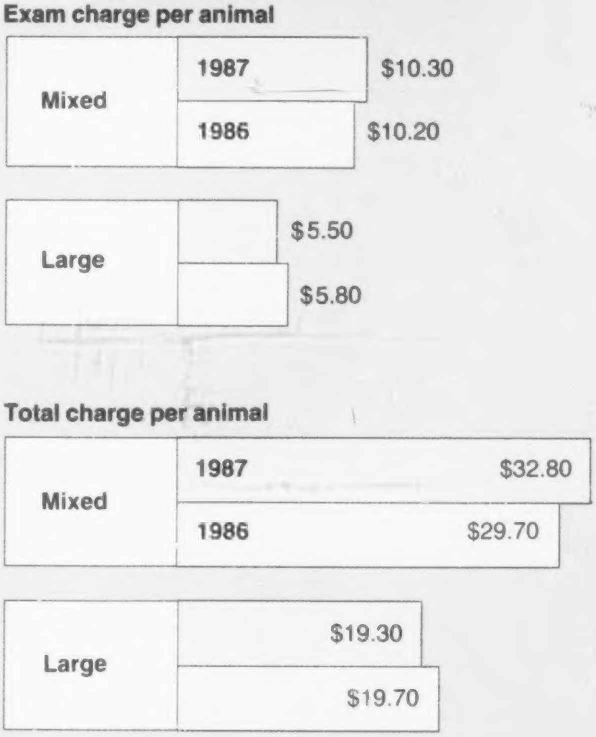
66 percent of all 1987 respondents include the examination fee in the immunization charge

	Office call (includes exam)	Lab analysis	Radiography	Antibiotic injection	Hospitalization
West	$16.80	$63.70	$25.10	$8.30	$11.20
Plains States	$10.80	$37.20	$20.00	$5.30	$6.70
Great Lakes	$14.20	$26.90	$21.20	$5.90	$10.70
Northeast	$16.20	$51.30	$22.00	$5.20	$13.40
South-Atlantic	$15.40	$51.70	$21.00	$6.50	$10.70
Mid-South	$12.90	$35.50	$20.00	$6.00	$10.40
Southwest	$14.10	$34.70	$20.80	$7.90	$ 9.40

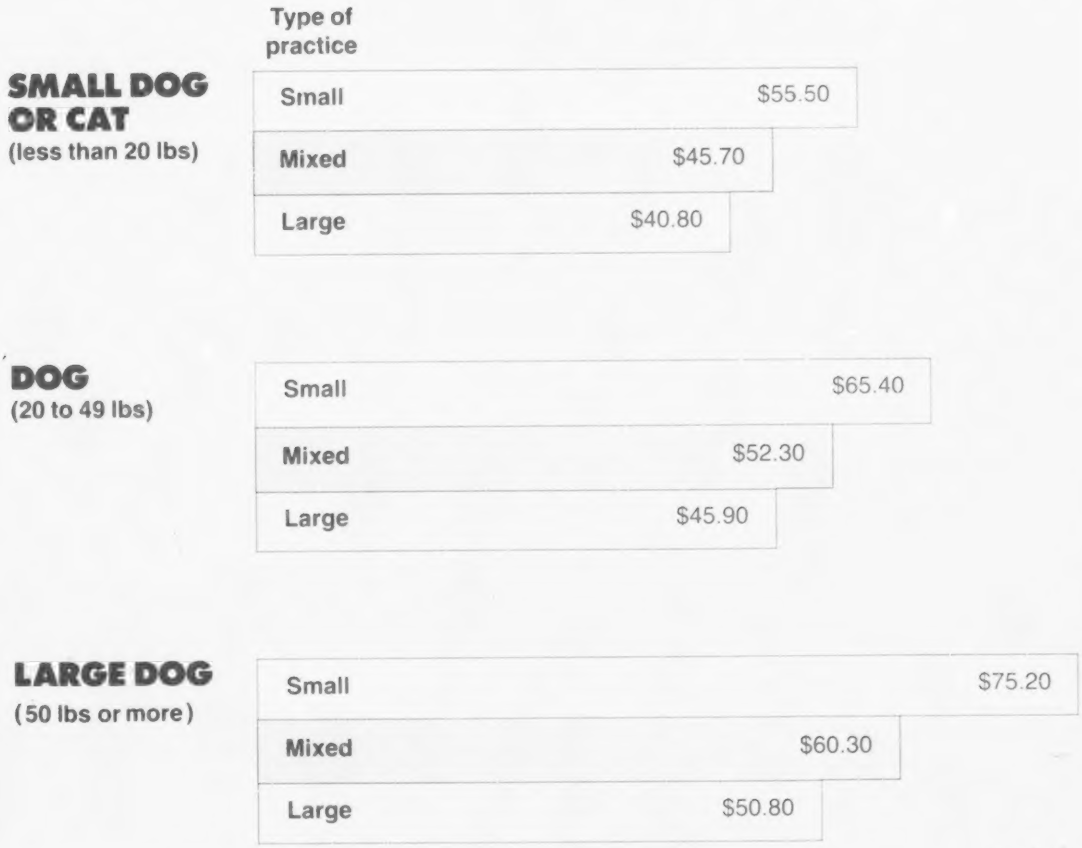
STANDARD FEES CREEP HIGHER IN MOST REGIONS

Although fees for standard veterinary services increased slightly in almost all regions, the West again led the nation. Hospitalization fees showed the greatest jump in the Northeast and office call charges were still lowest in the Plains States. While fees for radiography were fairly consistent in all regions, lab analysis charges for standard tests varied drastically. The total fee for urinalysis, fecal, blood chemistry, and CBC was more than twice as much in the West as in the Great Lakes.

FARM-CALL FEES VARY BY TYPE OF PRACTICE



OVARIOHYSTERECTOMY FEES VARY GREATLY BY TYPE OF PRACTICE*



*Ovariohysterectomy fees include anesthesia, surgery, and hospitalization.

HOW DOES YOUR INCOME STACK UP?

VETERINARY ECONOMICS' Continuing Survey shows mixed results for the profession.

By Deborah Shouse

If you're working more but netting less, you're not alone. VETERINARY ECONOMICS' 1987 Continuing Survey shows veterinarians had a discouraging 1986. Generally, the typical practitioner across the country grossed $114,600 and netted $40,500 this past year. That compares to 1985's gross of $113,600 and net of $41,100.

On the farm, in the city

Large animal earnings leaped 11 percent, from $102,500 in 1985 to $113,900 in 1986. Mixed animal doctors grossed only 2.6 percent more, with 1986 earnings of $111,700. Small animal earnings crept down to $117,800, a decline of 3.1 percent from 1985.

Net earnings decreased 1.5 percent, while expenses outsped earnings for all practice types. Mixed animal practitioners kept the tightest rein on their costs, with an increase of only $600 from 1985. Small animal doctors each spent $2,300 more in 1986. Expenses for large animal doctors galloped from $48,000 in 1985 to $54,400 this past year.

While rising expenses of 2.5 percent outdistanced the modest 0.8 percent increase in gross income in 1986, Owen McCafferty, CPA, describes 1987 and the future economic situation for the profession as hopeful.

"Fees have gone up and the number of total visits have generally increased," comments McCafferty, a leading authority of financial management and practice evaluation for veterinarians. "This is a healthy sign."

Associates see more dollars

Employed veterinarians fared a little better in 1986, finding 0.4 percent more income to take home. Still, their typical $28,500 income holds little spark for the future.

Individual drugs and medical supply costs on a per-practitioner basis shot up 6.9 percent, while total practice expenses for drugs and medical supplies soared 12.4 percent.

Even though veterinarians are netting less, they are collecting a greater portion of their receivables. All types of practices improved collections, but small animal led with a 98.3 percent success rate.

McCafferty credits part of this success to computers. "Computers make billing easier and more efficient," he says.

The Ohio CPA believes the initial dip in income and time consumed in adapting to a computerized environment is ending for many veterinary practices. "They are starting to see benefits," McCafferty says.

Practice improves profits

Top earners tend to be older and seasoned practitioners. Veterinarians practicing 21 to 30 years netted the most at $52,500, compared with 1985's high earners practicing 11 to 20 years, who made $52,100. The second highest net at $49,200 was produced by those DVMs practicing 31 to 40 years. The first five "formative" years are the low earning years, coughing up only $23,300.

Corporate animals have more

As in the past, incorporated practices earned more than unincorporated. Owners in corporations netted $51,900, *vs.* the $43,200 net of unincorporated DVMs. ▶

THE AUTHOR, who holds an MBA from Rockhurst College, is a business and financial writer from Leawood, Kan.

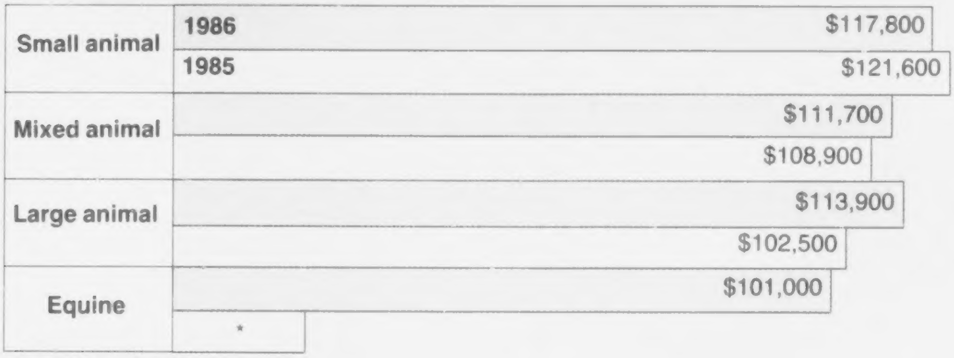
The 1987 Continuing Survey was mailed in January to 4,500 veterinarians in private practice (compared to 3,500 questionnaires sent in 1986). Usable returns ran 912, 222 more than in 1986.

All figures in the following charts are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article is ©1987 and published by Veterinary Medicine Publishing Co. Inc. of Lenexa, Kan. 66215. All rights reserved. This article may not be reproduced or paraphrased in whole or in part in any manner whatsoever without permission. Limited quotations, if properly referenced, are acceptable.

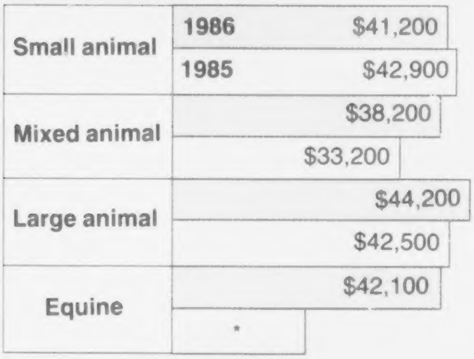
GROSS INCHES UP BUT NET SLIPS

While the median gross of all practitioners increased $900 to $114,600, individual veterinarian net dipped $600. The culprit was expenses, which rose 2.5 percent to $56,700. Net earnings as a percentage of gross increased for many. Mixed animal practitioners lead with a 2.5 percent jump. Small animal practitioners cleared 1.3 points more and large animal doctors remained even.

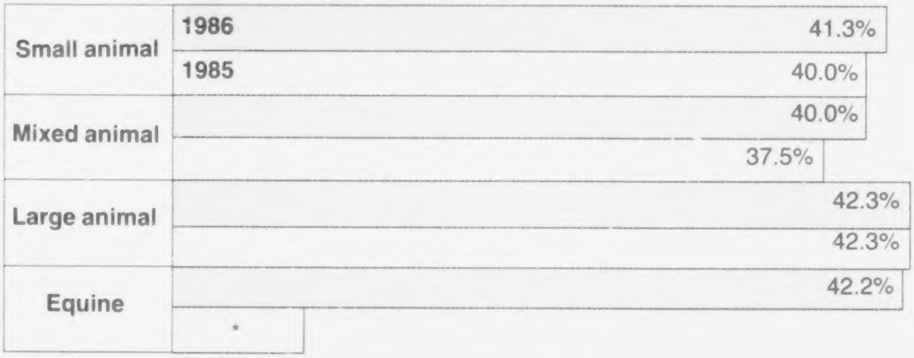
GROSS EARNINGS



NET EARNINGS



NET AS A PERCENTAGE OF GROSS



* Information not available.

"Because of the differential in tax rates, the corporation can accumulate more working capital and compete more effectively," says CPA McCafferty. "Plus, corporations demand organization, logic, and planning."

Despite the tax savings and increased earnings potential, only 29 percent of the male veterinarians are incorporated, while 53.2 percent remain unincorporated and 17.8 percent are employed. Of the females in private practices, a mere 9.3 percent wear the corporate shield.

Large animal practices had the highest percentage of incorporation, with 30.4 percent, a significant decline from 39 percent in 1985. Among mixed animal veterinarians, 26.6 percent worked in a corporate structure, as did 25.5 percent of the equine and 24.4 percent of small animal DVMs.

More work for a little extra

In 1986, large animal practitioners again worked more hours than their colleagues, but they also rode home with the highest earnings. The small animal doctors escaped the grueling 57-plus hour weeks of their colleagues. They hurried home after 48.3 hours.

Despite longer hours and lower pay for practitioners, McCafferty believes the veterinary profession is nearing a "breakthrough."

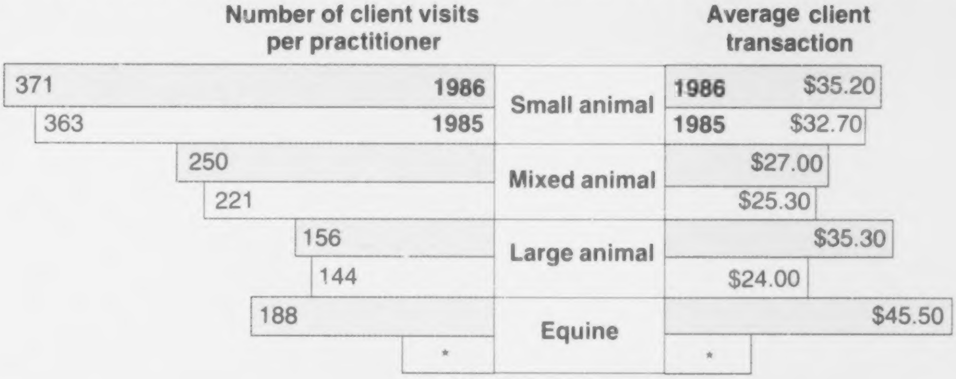
Increased client transaction fees for all practice types point to a friendlier marketplace. While expenses still stand as a roadblock to improved earnings, "they may also discourage new practices and thus decrease competition," says McCafferty.

"Fewer new practices will begin because of the enormous start-up costs," he predicts. "The high cost of space and increased drug expense add to the beginning practitioners' financial demands."

"Six years ago the industry was in a slump," he says. "The last two years have been a healing.

"Practitioners are thinking about hiring more doctors," McCafferty observes. "That's a sign of promise and progress." ▶

CLIENTS STILL VISIT VETERINARIANS MORE IN SUMMER



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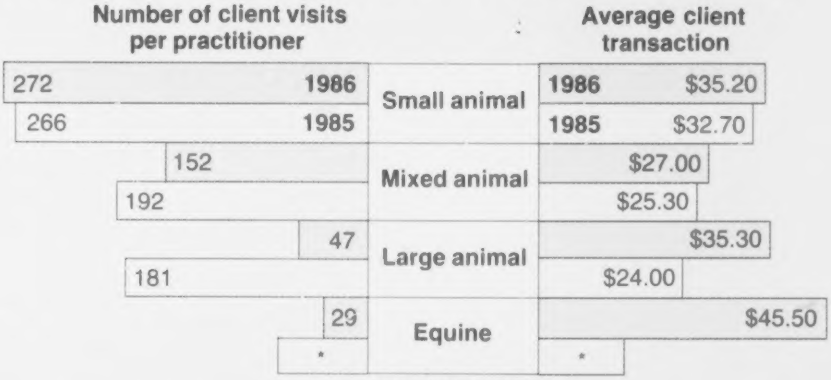
WINTER CLIENT VISITS DECLINE DRASTICALLY



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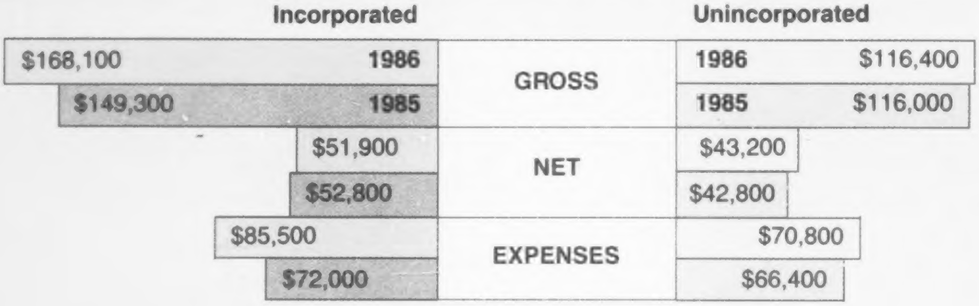
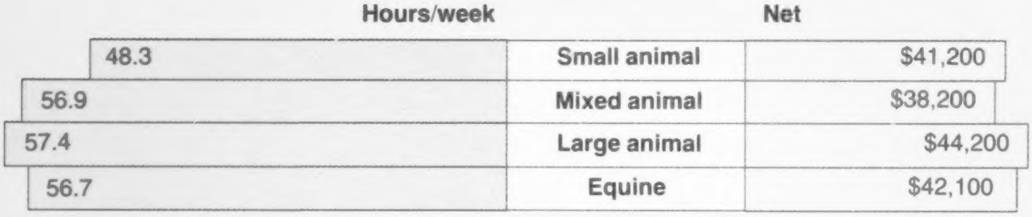
INCORPORATED DVMs STILL EARN MORE

Though incorporated doctors grossed more in 1986 than the previous year, considerably higher expenses ate into their margins. Still, incorporation was the way to go because these veterinarians grossed almost 31 percent more and took home nearly 17 percent more. Unincorporated practitioners increased their gross only $400 and raised their net the same figure while expenses rose $4,400.



Incorporated	Year		Year	Unincorporated
$168,100	1986	GROSS	1986	$116,400
$149,300	1985	GROSS	1985	$116,000
$51,900	1986	NET	1986	$43,200
$52,800	1985	NET	1985	$42,800
$85,500	1986	EXPENSES	1986	$70,800
$72,000	1985	EXPENSES	1985	$66,400

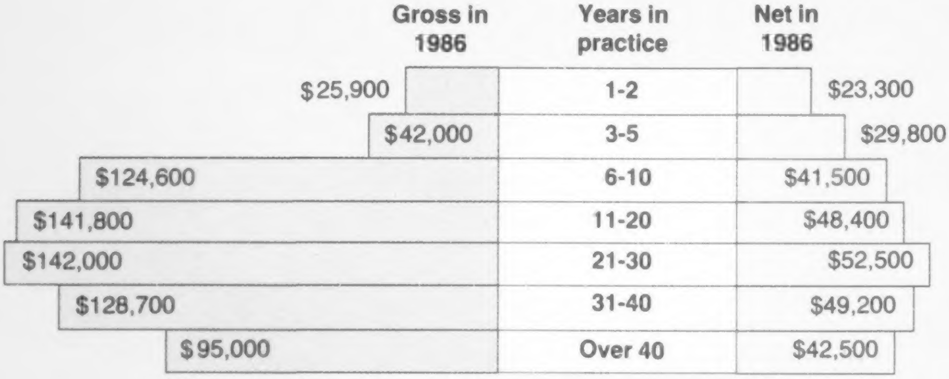
WORKING LONGER YIELDS A LITTLE MORE



Hours/week		Net
48.3	Small animal	$41,200
56.9	Mixed animal	$38,200
57.4	Large animal	$44,200
56.7	Equine	$42,100

PRACTICING LONGER INCREASES YOUR REWARDS

Justly so, your income increases slightly according to your years in practice, to a point.



Gross in 1986	Years in practice	Net in 1986
$25,900	1-2	$23,300
$42,000	3-5	$29,800
$124,600	6-10	$41,500
$141,800	11-20	$48,400
$142,000	21-30	$52,500
$128,700	31-40	$49,200
$95,000	Over 40	$42,500

All figures are medians

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Practice promotion:
It's a sign of
the times

Classic year-end
tactics can
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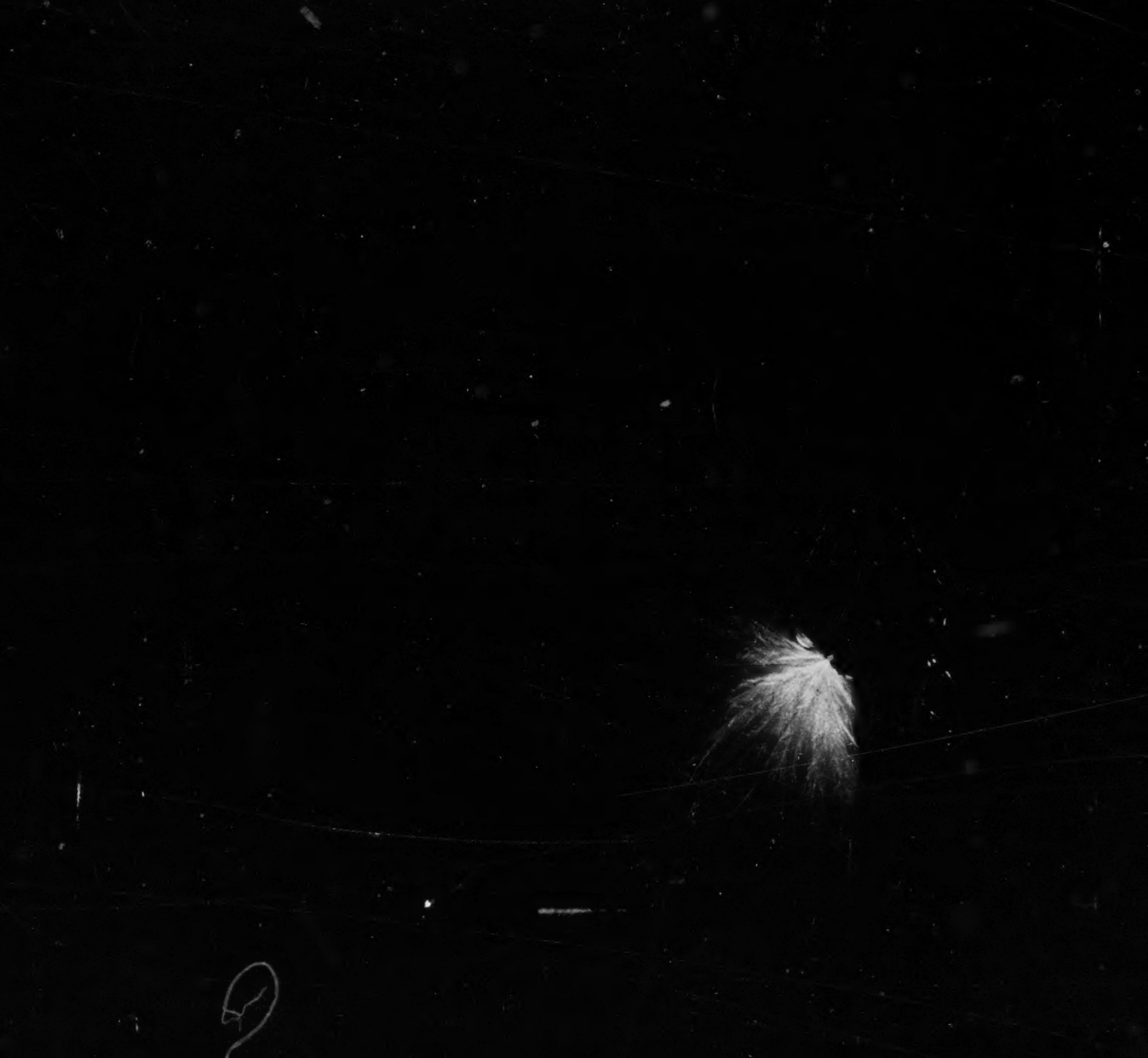
NOVEMBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE



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veterinary economics

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(913) 492-4300

ABP ▽BPA

VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.
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Price $6.00 a copy. $30 a year (U.S.A.), $40 a year (Canada and Mexico), $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

There's no magic pill to create new clients

A friend gave me a unique gift: small tablets that produce instant pets. You drop one of the red, yellow or green pills into a container of warm water and watch a dinosaur grow. The red pill transforms into a spongy tyrannosaurus. I'm waiting until I have a bigger house before I try the yellow and green pills and add to my prehistoric herd. These So-Much-Fun-Inc. pets don't require a veterinarian's care. They don't need to be fed or loved either. I was cautioned not to get these wonder pills mixed up with my vitamins. I'd hate to think what I'd do if I had a dinosaur growing in my stomach. Would I call a veterinarian or a physician first?

What about pills to produce new clients? I imagine research is a ways off yet for that. If researchers started with dinosaurs, then people pills are long way down the list, if you hold with evolution. If you favor creation, our pills may be next. But it's too bad that practitioners can't find pills they can toss into their waiting rooms to make new clients sprout—a twist on Jack and his magic beans. Until these dream tablets come along, you'll have to find clients the old-fashioned way: with good service, self-promotion, and hard work. No alchemist's tricks. This month's cover story shows how successful practitioners have attracted a new inventory of clients. They realize their clients are their most important asset, even more important than their facilities.

There are two good reasons to cast for new clients. First, your client base undergoes natural loss, and you've got to restock the tanks just to stay even. Second, your economic growth, in part, depends on gaining new clients. With the median client transaction running $35, and most clients visiting your clinic twice a year, each recruit can bolster your income $70. Ten new clients each month adds nearly $8,500 annually.

Michael D. Sollars

By Michael D. Sollars

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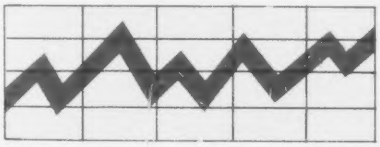

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CASTING FOR CLIENTS

Fishing for new clients? If so, see what other veterinarians do to make their practices alluring to customers.

By Jingle Davis

Four years ago Dr. Stanley Steinberg decided to leave his inner-city practice in Richmond, Va., and move to the city's perimeter. Few, if any, of his friends supported his decision to move to the undeveloped suburb.

"Everybody thought I was crazy," Dr. Steinberg recalls. "There was nothing out here then."

Time has proved Dr. Steinberg, now 51, as crazy as the proverbial fox. He owns the Deep Run Veterinary Clinic, which has flourished in the suburban periphery. He and several part-time associates see 20 to 30 clients a day in the 3,200-square-foot clinic, which is projected to gross $260,000 this year. Last year 1,000 of those clients were new.

Many lures catch new clients

Attracting new clients is the goal of almost all practitioners, but how they go about bringing in new business varies. In a recent VETERINARY ECONOMICS survey, we asked practitioners to list the number of new clients they saw in 1986. We also asked them to tell us why they thought their business was on the increase.

Most practitioners listed word-of-mouth recommendations from satisfied clients as their strongest lure. Many veterinarians attributed their client growth to the dynamic upswing in new people in their area. Other significant factors included: practice locations, services offered, client relations, competitive fees, and a variety of advertising techniques ranging from listings in the Yellow Pages to display ads in area newspapers.

Practice location is the key for Dr. Steinberg. "I had a gut feeling the area would be good before I moved here," he says. But the small animal practitioner admitted he didn't base his decision to relocate on gut feeling alone.

"I spent some money on a demographic study, which confirmed what I already felt," says Dr. Steinberg, a 1959 graduate of the University of Georgia College of Veterinary Medicine.

Dr. Stanley Steinberg

Like the perimeters of many large cities, Richmond's is growing fast. Dr. Steinberg's clinic is located in an area of business and light industrial growth just off the main Interstate 64. There are new department stores and office parks nearby. A federal highway which runs in front of his practice will be expanded from two to six lanes in 1989. And this fall a new interchange is scheduled to open near Dr. Steinberg's clinic, which should funnel even more new clients into the practice.

"Where before there were 10 cars passing every five minutes, now there are 30 cars," Dr. Steinberg says. "The number of people working out here has jumped nicely."

For Dr. Steinberg, moving to a growing area where his well-located and architecturally-designed clinic has high visibility, contributed greatly to his growing practice. In addition, he received publicity from a local newspaper for being the first facility in the area to offer separate entrances and waiting rooms for cats and dogs. Plus, Dr. Steinberg structured his clinic hours to accommodate clients' working hours.

"On some days, as much as one-third of our business is drop-offs," Dr. Steinberg says. "We open early and have the clients make appointments. We also take as much advance history as we can over the telephone."

Dr. Steinberg also believes his people-oriented staff of four full-time and three part-time employ-

---

THE AUTHOR is this magazine's Southeast correspondent and writes for the ATLANTA CONSTITUTION ees helps keep his practice growing steadily.

"Taking care of the animals is the easy part," he says. "You've got to have people working for you who really enjoy dealing with people."

Location lands many

Like Dr. Steinberg, other practitioners say they attract new clients with their ideal locations. Dr. W. A. Elinburg, a 1951 graduate of the University of Georgia College of Veterinary Medicine, practices in Gwinnett County, near Atlanta—the fastest growing county in the United States. His Elinburg Veterinary Hospital is located 30 miles north of Atlanta in Lawrenceville, Ga.

Dr. Elinburg, a 67-year-old solo practitioner, says business is booming. "I began noticing a jump in new clients in 1961 or 1962," the practitioner recalls. "We now have 15 percent or more new cli-

Dr. W. A. Elinburg

FOLLOWING THE GOLDEN RULE ON THE SOUTH SIDE OF CHICAGO

Dr. Warren Anderson

Locating your practice in a high-growth area is often your best bet for attracting new clients quickly. That may not be practical if you're tied to brick and mortar, and pinned in a no-growth community. But there are tried-and-true ways to overcome even these obstacles.

Take the case of Dr. Warren Anderson, one of two partners of the Bevlab Veterinary Hospital in Blue Island, Ill., on the south side of Chicago. Blue Island, he explains, is a small city of about 17,000 people surrounded by metropolitan sprawl. "Blue Island had 17,000 people in 1958 when I started practicing. It still has that many," he says.

Still, Dr. Anderson, a 1956 graduate of the University of Illinois College of Veterinary Medicine, attracted more than 1,000 new clients to his 10,000-square-foot small animal practice this past year, even though his two-story clinic has no street sign and charges higher fees than many competitors in the area. Nor does Dr. Anderson worry about modern marketing techniques or the number of new hospitals in his area. He does nothing to encourage clients to bring new business, which is still on the increase, though at a slower rate.

How does he attract new clients? "We give good service," the 55-year-old practitioner says. "We don't rush clients in and out. We try to treat people as we'd want to be treated. Being in the area for 30 years, you get a reputation. We keep up on current practice trends and each of the partners has a specialty area."

This past year, Dr. Anderson and his partner—Dr. Robert Keough—saw about 40 clients a day, with an average client transaction of $40. The clinic's annual gross runs around $470,000. The practice employs two associate veterinarians, and three full-time and seven part-time staffers.

Staff turnover is low at the Bevlab clinic, which opened in the same location 19 years ago. "A consistent staff is important," Dr. Anderson says. "People like to see the same faces."

In addition, Dr. Anderson, who recently stepped down after serving six years on the AVMA executive board, is still enthusiastic about his profession even now, when he is currently in his third decade in practice.

"I'm very bullish on the profession," he says. "If you can't enjoy what you do, you need to get out." And Dr. Anderson holds hard to the Golden Rule: "I believe in being honest with clients, and being as knowledgeable as you can be," he says. "The word gets around."

ents every year."

Gwinnett's phenomenal growth has brought other veterinarians to the area and they compete for new clients.

"When I started this practice in 1951, there was one other DVM in the county," Dr. Elinburg says. "Now, there are about 30. The competition cuts down some on new clients, but I still get new clients weekly and monthly."

Although Dr. Elinburg thanks the area's growth and his hospital's location on two state highways for attracting new business, he says the old word-of-mouth from satisfied clients has been his most reliable lure.

Another reason for success is that two of his three full-time employees have worked beside him for eight years at his 3,000-square-foot facility. The practice recorded a gross income of about $150,000 last year with about 25 clients a day and the average client transaction running $16.

While Dr. Elinburg has welcomed about 600 new clients in the past year, he says some of the newcomers, transplants from around the country, are sometimes harder to satisfy than local clients.

"I have to spend 15 percent more time with the new people than with the locals," Dr. Elinburg says. "They seem to expect it." He figures that time factor into his fees, charging for extra time spent with new clients.

Former clients can refer

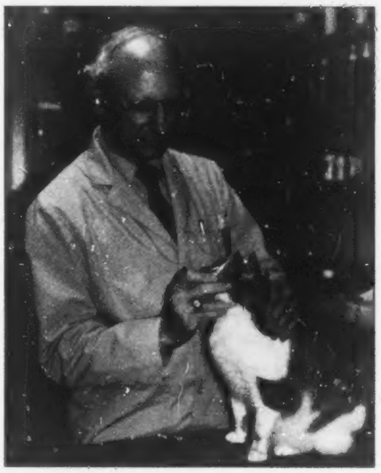
Dr. Joe W. Lindley, a 1963 graduate of Texas A&M College of Veterinary Medicine, is sole owner of the Lindley Veterinary Clinic in Dallas, Texas. The 1,800 square-foot clinic, which grossed $450,000 this past year, is located in a shopping center in a residential area of the city.

YOUR COLLEAGUES SAY REFERRALS DRAW NEW CLIENTS BEST

A nationwide survey conducted by VETERINARY ECONOMICS in March 1987 asked practitioners what methods proved most successful in pulling new clients to their clinics. The two leading methods are referrals and growth of area around clinic.

Method	Percent responses	Method	Percent responses
Referrals	18%	Advertising	7%
Growth of area	14	Staff	6
Locations of practice	11	New clinic	3
Services offered	10	Competition	2
Client relations	8	Computer	2
Fees	8	Community involvement	2
Professionalism	8	Longer hours	1

"Our area is rather unusual," he says. "We see a lot of people coming and going. There's a rapid turnover of homeowners." This past July, for instance, he saw five new clients a day. At the same time, Dr. Lindley says, the area isn't growing rapidly. He describes his neighborhood as "white-collar, upper-blue-collar," with middle-management people climbing the corporate ladder.



Dr. Joe W. Lindley

Dr. Lindley has been at his present location since 1970 and has a staff of eight employees, four of whom are full-time. He and one other practitioner—Dr. Mark Carter—see 45 clients a day with an average client transaction of $37. In 1986, 763 new clients visited the practice.

Some of those new clients, he says, were probably drawn to the Lindley Veterinary Clinic by his sign, which is visible from the street and lighted at night.

"I guess that's our second most important way of getting clients," he adds. What's hooks most of his clients? Again, word-of-mouth praise.

"We've worked very hard in past years to retain clients, being nice to people and doing a very good brand of medicine," Dr. Lindley says. "It seems that people in our area appreciated that and recommended us because of it. We try to welcome and be friendly to every client. We make a big deal of being glad they're here."

Staff, prices, services add up

Dr. James Kuhn, owner of the Florissant Animal Hospital in

Florissant, Mo., has seen an impressive number of new clients since he purchased the 5,000-square-foot clinic from his uncle three years ago. Because of growing competition in the suburban St. Louis area, Dr. Kuhn realized he needed to alter the way he ran his hospital to compete in today's marketplace.

"Business was on a 10 percent slide when I bought the hospital. But we've been up 15 percent every year since then," says Dr. Kuhn, a 1984 graduate of the University of Missouri College of Veterinary Medicine. Last year Dr. Kuhn and the three other doctors at his facility saw about 1,200 new clients.

He attributes the hospital's growth to a friendly staff, competitive prices, and the wide range of services they offer.

Since many area clinics specialize in outpatient work, such as vaccinations, spays, and routine surgery, Dr. Kuhn restructured his fee schedule for those services.

"We're competitive on the things people shop for among clinics in our area," Dr. Kuhn, 28, says. "We increased prices on services other clinics can't perform, like teeth cleaning, major surgery, X-rays."

In addition, Dr. Kuhn says he believes word-of-mouth advertising builds his business.

"We send thank-you cards for referrals, plus every Christmas we get written up in the local papers for sending Christmas cards to pets," he says.

Florissant is a mobile, blue-collar community where major employers are the McDonnell-Douglas Corp. and a Ford manufacturing plant. So Dr. Kuhn has structured his clinic's hours to accommodate commuters.

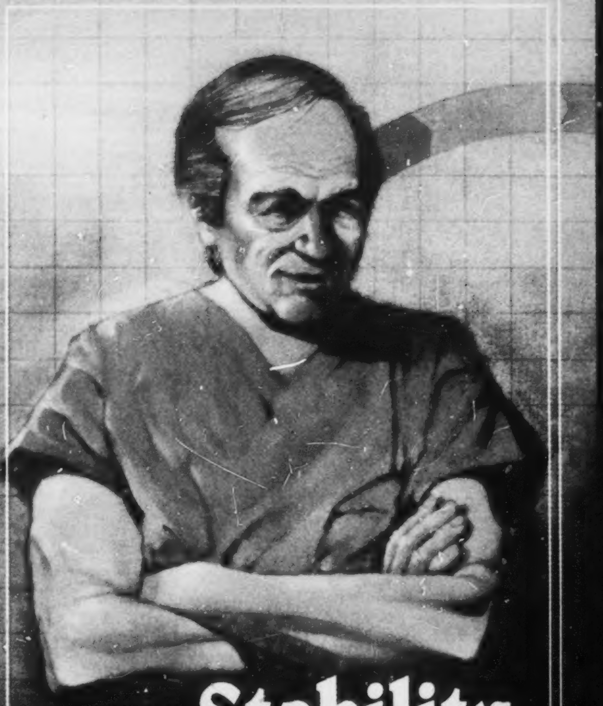
"I'd say 70 percent of our clients work either at McDonnell-Douglas or the Ford plant," Dr. Kuhn says. "Many are engineers or military people and there's a lot of turnover."

Kuhn's clinic sees about 30 clients a day and client transactions average about $43. Annual gross income ranges from $450,000 to $500,000.

Although the clinic is located on a major highway, it sits back from the road on a four-acre tract.

"There's another large clinic on a nearby road, and our location—back as far as we are—hurts us a little," he says. "I have to stay a little more competitive on prices than the other clinic."

Although his clinic has a sign on the road, Dr. Kuhn says it isn't large enough. "We have strict sign ordinances here, so I can't increase the size. We're stuck with what we have." ■



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YOUR EXPENSES TAKE A ROLLER COASTER RIDE

VETERINARY ECONOMICS' 1987 Continuing Survey reveals that many of your expenses shot high while some costs declined.

By George Earle MANAGING EDITOR

While 1985 expenses increased almost across the board, 1986 saw some of the widest expense fluctuations recorded by VETERINARY ECONOMICS' Continuing Survey.

One of the most remarkable swings came in salaries and bonuses paid to employed large animal veterinarians by owner practitioners. This expense shot up from a median of $15,000 in 1985 to $21,200 in 1986. That followed an equally startling jump from $7,000 in 1984. Salaries and bonuses for non-DVM assistants also increased substantially in mixed animal practices from $13,100 in 1985 to $15,400 last year.

Mortgage payments also varied

Office/hospital mortgage payments showed similar wild changes, some going up drastically and others dropping greatly. Large animal practices saw office/hospital expenses increase from $2,800 in 1985 to $4,100 in 1986. A regional breakdown shows that the South Atlantic practices increased such expenses 38.5 percent, while the Southwest saw a 35.3 percent decline.

Professional car upkeep and depreciation for large animal practitioners increased $1,000 in 1986 to reach $5,700.

Two expense categories, depreciation on medical equipment and malpractice insurance, changed very little from 1985 to 1986. Equine doctors spent the most on both, logging $1,500 per DVM for malpractice insurance and $2,900 each for medical equipment depreciation.

Costs bounce up and down

Total drug and medical supply costs for all 19,219 U.S. practices in 1986 shot up to $734 million from 1985's $640 million. Astonishingly, mixed animal practices spent 52.9 percent more on drugs and supplies in 1986 than in 1985.

And while all regions saw an increase in the cost of drugs and medical supplies, the Plains States rose 30.8 percent to $55,600 per practice. The Northeast was close behind with a 21.1 percent increase that amounted to $35,600 per practice. ▶

EXPENSES FLASH WARNINGS

VETERINARY ECONOMICS' 1987 Continuing Survey data are based on tax-deductible professional expenses reported by individual veterinarians. Professionals in group practice were asked to estimate only their share of the tax-deductible expenses of the group, partnership, or professional corporation.

Continuing education expenses for small animal practitioners continued to decline to $700 in 1986 from $800 in 1985. Large animal doctors' expenses remained at $600. Mixed animal doctors reduced this expense from $600 to $500.

MALPRACTICE INSURANCE

	1986	1985
All DVMs	$ 400	$ 400
Small animal	300	300
Mixed animal ★	600	500
Large animal	600	600
Equine	1,500	*

SALARIES, BONUSES AND RETIREMENT FOR EMPLOYED DOCTORS

	1986	1985
All DVMs	$22,200	$20,000
Small animal	23,800	20,600
Mixed animal	21,000	20,000
Large animal ★	21,200	15,000
Equine	22,500	*

SALARIES, BONUSES AND RETIREMENT FOR NON-DVM ASSISTANTS

	1986	1985
All DVMs	$20,500	$19,700
Small animal	24,700	23,500
Mixed animal ★	15,400	13,100
Large animal	11,200	9,700
Equine	11,700	*

DRUGS AND MEDICAL SUPPLIES

	1986	1985
All DVMs	$29,400	$27,500
Small animal	26,200	25,500
Mixed animal ★	39,000	33,900
Large animal	46,500	45,000
Equine	28,500	*

OFFICE OR HOSPITAL MORTGAGE PAYMENTS

	1986	1985
All DVMs	$10,500	$10,000
Small animal	12,400	11,500
Mixed animal	5,200	6,400
Large animal ★	4,100	2,800
Equine	5,100	*

DEPRECIATION ON MEDICAL EQUIPMENT

	1986	1985
All DVMs	$3,400	$2,900
Small animal ★	3,800	3,300
Mixed animal	3,200	3,000
Large animal	1,600	1,400
Equine	2,900	*

PROFESSIONAL CAR UPKEEP AND DEPRECIATION

	1986	1985
All DVMs	$3,400	$3,300
Small animal	2,900	2,800
Mixed animal	4,200	4,000
Large animal ★	5,700	4,700
Equine	6,200	*

*Insufficient numbers ★ Greatest change

PRACTICE EXPENSES FOR DRUGS AND MEDICAL SUPPLIES INCREASE DRAMATICALLY

Drug and medical expenses for all veterinary *practices* increased to $734 million in 1986 compared to $640 million in 1985, according to VETERINARY ECONOMICS' 1987 Continuing Survey. That figure is based on a median expense of $38,200 per practice for 19,219 practices in the United States. The 1986 expenditure represents 14.7 percent more for drugs and medical supplies than the 18,747 practices spent in 1985. Note that 1986 figures for equine practices are included, though data for these practices in the previous year had too small a base to be significant.

Practices spend 14.7 percent more in 1986 than 1985

Practice type	1986	1985	Percent change
All	$38,200	$34,000	12.4%
Small animal	32,300	30,300	6.6
Mixed animal ★	65,000	42,500	52.9
Large animal	67,500	*	*
Equine	43,300	*	*

*Base Insufficient
★ Greatest change

Plains states saw largest increase for drugs and medical supplies

Practice area	1986	1985	Percent change
Northeast	35,600	29,400	21.1%
Southwest	36,500	34,700	5.2
Mid-South	36,200	32,500	11.4
South Atlantic	35,700	33,600	6.3
Plains States	55,600	42,500	30.8
Great Lakes	38,700	36,500	6
West	35,800	33,300	7.5

►

OFFICE/HOSPITAL EXPENSES PER DVM FLUCTUATE WILDLY IN DIFFERENT REGIONS

Of all the expense categories monitored by VETERINARY ECONOMICS' 1987 Continuing Survey, none showed the kind of wild gyrations of office/hospital expenses. On a per DVM basis, the South Atlantic region saw a 38 percent increase in those costs while the West ran a dubious second, increasing expenses more than 35 percent. Meanwhile, the Southwest decreased expenses by 35 percent. The median for all DVMs was a 5 percent increase in office/hospital expenses. Of the seven regions, four reported expense decreases while three suffered increases.

To make an interesting analysis of office/hospital expenses by region and by type of practice, compare this chart to the numbers on the office/hospital chart on page 56.

Region	1986	1985	Percent change
West	16,400	12,100	35.5
Plains States	5,500	5,300	3.8
Great Lakes	7,700	8,600	−10.5
Northeast	7,700	8,700	−11.5
South Atlantic	13,300	9,600	38.5
Mid-South*	6,600	7,500	−12.0
Southwest	10,800	16,700	−35.3
All DVMs	10,500	10,000	5

All figures are medians excluding none
*Figures have low base

VETERINARIAN OF THE YEAR
Dr. Alton F. Hopkins

Clients come first in this all-purpose practice

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DECEMBER 1987

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

YOUR AHT CAN BE A PRIZE BUT FRAGILE PACKAGE

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veterinary economics

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Vice President/Publisher: Dennis McLaughlin
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Editorial and sales office
9073 Lenexa Drive
Lenexa, Kan. 66215
(913) 492-4300

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co. 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.
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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

"He comes up with answers, not detours."

The mystery and anticipation are over. We can now announce our 1987 Veterinarian of the Year, even ahead of TIME magazine's Man of the Year. I'm pleased to say that Dr. Alton F. Hopkins has been selected as the one person who has done the most to change the course of the veterinary profession. He was chosen from a long list of outstanding candidates, all nominated by fellow veterinarians.

Many of you know of this Dallas native's accomplishments, but a brief recap is in order (also see story on page 28). Dr. Hopkins's most important accomplishment has probably been the formation of the AVMA committee called FAVOR, Food Animal Veterinarians Organized for Results. The committee came about when large animal DVMs faced recession and ruin. Dr. Hopkins personally piloted this special relief squadron as it flew missions to help rescue the spirits of food animal veterinarians. He is now working to effect compromise between the "militant" group of AFAVMA (American Food Animal Veterinary Medical Association) and the AVMA.

As chairman of the AVMA's original Manpower Committee in 1979 that produced the Arthur D. Little Report, Dr. Alton has pushed hard since then for two things: a reduction in class sizes and increase in marketing efforts for the profession. "The AVMA has a big commitment today, spending around $300,000 annually on marketing," he says. Of course, he also served as president-elect (1985-1986) and president (1986-1987) of the AVMA.

I think the best way to characterize Dr. Hopkins is as Dr. Walter Juliff of Texas A & M did recently when he said, "He comes up with answers, not detours." I hope you all will join me in saying well done to Dr. Hopkins.

Michael D. Sollars

Michael D. Sollars

Dr. Alton Hopkins and wife, Bobbie, outside their Dallas home.

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YOUR AHT CAN BE A PRIZE BUT FRAGILE PACKAGE

Good AHTs combine practical skills with people skills to be valuable members of your practice. But they can burn out as easily as you.

By John Lofflin

Dr. Teresa Benton really didn't realize just how valuable Karen Hagen was until the technician went on vacation earlier this year. "I noticed I was spending less quality time with our clients," Dr. Benton explains. "I was taking temperatures, fielding questions on the telephone."

Dr. Benton apparently spoke for many of her colleagues. VETERINARY ECONOMICS' poll of a random sample of readers presented overwhelming evidence that technical skills and their effect on the veterinarian's time are the animal health technician's (AHT) most attractive attribute.

AHT competence frees DVM

The magazine's poll asked veterinarians to list the three best attributes of an AHT (or VHT, for veterinary health technician if the profession turns more liberal and allows this nomenclature). Four out of 10 respondents said the good AHT "relieves the veterinarian of mundane tasks, providing more time for clients and increased caseloads."

But that's not all. AHTs possess a variety of other attributes. Technical skills are listed by 35 percent of the veterinarians; competence and knowledge of procedures, 33 percent; performing lab tests, 18 percent; the ability to handle animals properly, 15 percent; professionalism, 8 percent; and the ability to anesthetize animals, 3 percent.

Practitioners count on their AHTs' strong personal skills as well. Good client relations figured in 24 percent of the responses. Another five percent appreciate their AHTs' honesty and trustworthiness; 6 percent, both intelligence and dedication; and 10 percent, industriousness. Ten percent of those responding simply listed a good personality and another 15 percent listed the ability to provide information to the client.

Dr. Benton, who is part owner with three other DVMs of a Torrance, Calif., small animal practice that includes two hospitals and one satellite clinic, has an AHT who actually led the way in office organization.

"When our latest AHT came on board," she says, "we were also in the midst of computerizing the practice. We had a lot of changes at once. She organized the inventory, lab work, and procedures so they could be integrated into the computer system.

"Organization is inherent in all of the AHTs we've had. There's a lot of attention paid in school to these things."

AHT's vital versatility

Dr. Benton is one who argues that the more the AHT does, the better use of time the veterinarian can make. She appreciates most an AHT who takes charge and who is versatile. She uses them from beginning to end.

"In our practice they're the first to see the animal," she says. "They get the history, weight, and temperatures, which saves us all a tremendous amount of time. We've also got them doing a lot of the release work now. They discuss with the clients how to give the medications, what needs to be done by the owner, and what follow-up will be required for the animal. They also do a lot of the phone work. The AHT staff just takes a load off us, and they have a lot of rapport with the clients, too."

Dr. Benton says one of her AHTs is even in charge of hiring new kennel workers: "She's actually a better judge of people for that position."

A good AHT: money in the bank

"There's no question that they make money for us," Dr. Benton says. "They go into a room and if the animal has fleas, they suggest flea products. Tartar? They suggest the animal having a dental. If the AHT has mentioned it, then when we suggest it the second time, it's an easier sell. We often go into a room and the chart says 'wants a dental.' The AHT has already sold that. We find we're doing more dentals, more toothbrushes, more flea work."

Although she emphasizes technical skills in her personal list of favorite attributes, Dr. Benton says she also appreciates the value of what she calls people skills. "I can teach them how to draw blood or take X-rays," she says. "But we have one who can just walk into a room where someone is upset and that person will automatically calm right down. You can't teach that."

If Dr. Benton feels AHTs make

THE AUTHOR is a contributor to MONEY magazine and teaches journalism in Parkville, Mo

more money for the practice, Dr. Rod Hall says his AHT makes clients think they're getting more for their money. Dr. Hall is a 36-year-old Tishomingo, Okla., mixed animal practitioner in beef cattle country. In practice nine years, his AHT has been on board almost half that time.

"Her best attributes show especially when she's dealing with clients," he says. "Clients feel they're getting more for their money when she's involved. The technician does the initial exam before we go in. She answers a lot of their questions. To the client, she's someone who knows what she's talking about."

Dr. Michael P. Thomas, DVM, a Tremont, Ill., mixed-animal practitioner who bought into his 20-year-old practice eight years ago, says his AHT keeps veterinary medicine fresh.

"My AHT frees me up to do other things," he says. "I can see more appointments while the AHTs are getting the animal ready. And in surgery she knows what to do without a lot of explanation. People skills are important, but to me the professional skills mean the most. I don't want to downplay communication. But a technician without a good background is not a good source of information for the client anyway."

That's just what Dr. Jack F. Kirk, DVM, a 60-year-old small animal practitioner in Hobbs N.M., wants from his AHT. Not clean cages.

"If the technician is back there cleaning cages instead of taking time to explain a vaccination program, then the AHT is not being utilized correctly," he says.

Dr. Kirk began his practice in 1951 and hired his first technician in 1964. She outlasted the Beatles, who broke on the American charts that year, and she outlasted Dr. Kirk, who sold his interest in the practice two years ago and now works in it part time.

The mixed animal practice has three veterinarian positions and three technician positions. The practice is 70 percent large animal, 30 percent equine. Like other practitioners, Dr. Kirk lists technical skills first among favored AHT attributes, but he can't deny the communication skills.

"People skills? You asked what is *most* important," he says. "The technician we have now with the most seniority has good friends among our clients. They're often able to communicate better with her than with the doctor. She's not so intimidating. Clients sometimes look on us as little tin gods with our own language and all. They come in and the technician explains things in words they can understand."

How to keep good AHTs

Once she finds a good technician, how does Dr. Benton, in Torrance, Calif., hang on to her find?

"We pay them very well," she explains. "But that's not the whole story. One of our AHTs was offered a better paying position elsewhere, but we didn't lose her, because she realized there would be more stress involved in the other position.

"We try to minimize stress. We insist people get out on time. Take lunch, get a break. We have them punch the clock and leave on time. They can count on their hours. I don't like to impose on them with overtime, and of course, I don't like to pay overtime. We also pay for some continuing education. That shows them we care and keeps them on board."

Like Dr. Benton, Dr. Hall's AHT was lured by better pay. His left. "But she came back because she likes the environment better here," he says.

Dr. Thomas claims keeping AHTs with the right attributes is "a mystery," but with his incentive pay plan it's no surprise Patty Neville, his lead AHT, has been on board nine years. His plan improved more than tenure.

"Two years ago we developed an incentive pay plan that provides our AHTs with base salary plus 10 percent of any monthly increases in profits," he says. "It's been excellent so far. There have been very few months that we didn't pay a bonus. It gives our AHTs an opportunity to grow with the practice and not be locked into a salary."

It's no surpise to Dr. Carole Maltby, either, director of the Animal Health Technology program at Maple Woods Community College in Kansas City, Mo. "When a technician's salary is tied to percent of gross she'll stay," she says. "When techs are stuck at $6 an hour, they go. If they're made to feel they're part of the business, they stay."

Singing the salary blues

With all these good things to say about their AHTs, the practitioners almost always bemoan the salary they're paying. The feeling is widespread that once you find a technician with just the right set of skills for your particular practice style, money blues start playing. Several practitioners described real shortages of AHTs in certain parts of the country. Others said they currently have unfilled positions because the right applicant hasn't come along yet.

Dr. Robert Lerner says the AHT shortage is acute in Southfield, Mich., where only six of a class of 40 at the state university last year went into clinical practice.

"The rest were lured away by industry," he says. "In private practice they can expect to make just $14,000 to $16,000 a year, and in industry it's quite a bit more. The ones who want to expand their talents and make some money, and have the benefit of working in industry, have the opportunity to do it here."

After 13 years in small animal practice, the 35-year-old Dr. Lerner says he's developed empathy for the AHT.

"I feel for those techs, I really do," he says. "Veterinary practice has never been able to pay them what they deserve. Like veterinarians, they leave school and ask, 'Where are the benefits?' They're very proud of their profession, but the rewards are small by comparison."

SOME AHTS AREN'T SUCH GEMS

Not all DVMs feel such pity for their AHTs. In VETERINARY ECONOMICS' poll, nearly one in two of the negative attributes listed was "overconfidence." The veterinarians who responded argued collectively that AHTs who "tend to overstep their bounds by diagnosing medical" conditions create the biggest problems.

Fifteen percent of the irritants listed by practitioners concerned bad attitudes; 13 percent decried the desire for a larger salary. The list shows many practitioners feel that technicians don't know their place in the clinic. Another 11 percent of the responses indicated practitioners are irked by their AHTs' "unwillingness to do menial tasks." And 9 percent of the responses described AHTs as "frustrated, would-be vets."

Skills brought less ire than attitude. Just 13 percent of the negative attributes involved AHTs who are "poorly educated." However, an additional 11 percent listed "a lack of skilled techniques and incompetence."

Some DVMs feel skills *should* rank low on the list of negatives regarding AHTs. Says one Northern United States small-animal practitioner, skills are less a problem among AHTs than attitude. "If they come from a quality school, they're crammed with information and skills," he says. "But communication skills are very hard to come by. The tough task is trying to find an AHT with the best of everything.

"I find they can become calloused to the needs of their clients, just like veterinarians. We can easily get to the point where we resent having to give a client an explanation when he says 'I don't understand.' But we, as practitioners, are more tuned in because it's our own livelihood on the line."

Florida practitioner Roderick J. Biosca, DVM, also assumes the AHT educational experience makes technique a moot concern. He lists three attributes he imagines would be the worst to see in an AHT: rudeness to clients, disrespect to doctors, and poor personal hygiene.

"Those three are not problems I have here. It's the risk of them (problems) I have in mind," he explains. "The AHT I have now I'd put up against anybody's in the country. I think the danger has to lie in communication. Like veterinarians, they're never taught about business in college. They really need a public relations program in their curriculum."

As with veterinarians, Dr. Biosca finds that attitude problems often stem from disillusionment and burnout. He says he feels salary is what keeps the AHT.

"It's just like veterinarians. A lot of burnout in this profession is because salary doesn't meet expectation," he argues. "Understanding their personal needs is fine, but salary is still the most critical element."

One East Coast practitioner thought he had burnout solved. To rekindle the fire in one of his AHTs, he spent more than $1,000 for her to attend a professional seminar in Chicago. "She came back recharged and glowed for eight months after the seminar," he recalls. "But last June she left the practice for another profession."

The practitioner handles the AHT hiring for a 24-hour clinic. He says disillusionment is the heart of his problem with technicians.

"Veterinarians as a whole find the profession is not as glamorous once they've been in it a while," he says. "The same applies to techs. It's really sort of a dead-end profession for them. There are some supervisory positions in a clinic, but not many, and they tend to realize that after a year or so.

"Most of our techs make between $4.50 and $7 an hour. So many who come in with enthusiasm realize that's not enough money to justify the position."

He says another way to keep competent techs happy is to limit their duties. "In this practice they don't do kennel work and they don't fill in out front at lunch. We've found techs don't generally like to do those things, so it makes it a little easier for us to get and keep them from the smaller practices where they're really asked to do everything."

Weeding out weary applicants

Some practitioners argue that AHT prospects with attitude problems can be weeded out before hiring. The East Coast practitioner with burnout problems looks for trouble signs in the interview. He looks for "that gleam in their eyes." Even if they have it, he says he likes to bring them on board a few days for a tryout. The pressure is so great in such a situation, he says, that's the only way to know if they can take the heat.

Another practitioner is wary of applicants with other personality problems. Because he's often been fooled, his method is to check references carefully.

"We go a lot by references," he says. "Definitely we want to look at three. I always talk to former employers and I've found a number of problems that way. I thought the tech seemed excited about the job and easy to get along with, only to discover from former employers lack of motivation, quirks, inability to get along with staff and clients."

One Midwestern practitioner in a mixed-animal practice feels one should watch out for technical idiosyncracies rather than personality quirks. People skills are important, he says, but a consistent problem is technicians "too set in their ways" technically to adapt to the practitioner's particular style. And he says technicians often balk at doing some more practical jobs in the clinic.

"If the job doesn't fit exactly the training they've had, they're reluctant to do it," he says. "If it turns out to not be as glorious as the training suggests, like cleaning cages, they're upset. I just break the ice by saying 'you're the person responsible for the care of the patient, and this is part of that care.' "

TEN BEST ATTRIBUTES OF AHTS

Trait	Percent DVM responses
Frees up DVM's time	41%
Ability, technical skills	35
Competent, well-trained	33
Good with clients	24
Performs lab tests	18
Reliable, dependable	15
Handles animals properly	15
Good personality	10
Industrious	10
Professionalism	8

THREE WORST TRAITS OF SOME AHTS

Trait	Percent DVM responses
Oversteps bounds, diagnoses	49%
Poor attitude, arrogant	15
Unhappy about salary	13

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2010: An AVMA odyssey

$1 million humane society hospital

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WOMEN DVMs: THE TIME HAS COME

VETERINARY ECONOMICS • January 1988

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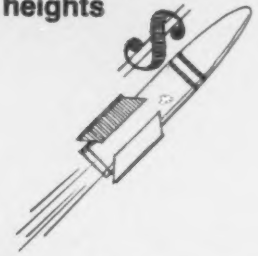

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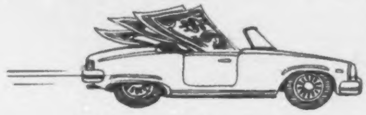

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Editorial and sales office
9073 Lenexa Drive
Lenexa, Kan. 66215
(913) 492-4300

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

It's men on the endangered species list, not women.

For women, the time's right; for men, it's getting late. Today, you'll find about six male practitioners per female DVM working in the profession. By 1995, or in seven short years, you'll see four men per woman. Of course there's another way of looking at it: If you're a woman, you'll only be surrounded by four male colleagues soon.

What's down the long stretch? With college classes divided pretty evenly between men and women, the future of the profession looks to be turning pink from blue. We can pretty accurately predict that in about 20 years (many women now practicing will still be working in the profession), that the profession will be matched up evenly: one to one.

Certainly we have to begin now to look at the effects of that gender gain on the the profession. How will this change alter the image of veterinary medicine?Hopefully, spouse programs at meetings won't always be sightseeing, knitting circles, and cooking lessons. New spouse options: poker games and arm wrestling? Seriously, we would expect to see more women as owners and partners, as managers, as good will ambassadors of animal care, and as leaders in the profession. Will a woman be president of the AVMA before a woman lands in the Oval Office? Someday we'll have what are called "good-old-girl circles."

Two years ago we published a major article on women in the profession. In that cover story, "In Practice: Equal but Different" (December 1985, page 36), Dr. Nancy O. Brown of Plymouth Meeting, Pa., remarks, "Gender isn't what's important. Success simply comes down to what you do with your ability." That practical outlook is now echoed by the women practitioners who make up this month's cover story. They appear to be in charge of their business and professional growth.

Your comments on how women are faring in the profession are encouraged.

Michael D. Sollars

Michael D. Sollars

WOMEN DVMs: THE TIME HAS COME

Years ago, men joked that a female DVM would work for a male DVM, marry him, have babies, and stay home. The joke's over.

By Deborah Shouse

They lift 95-pound Dobermans, repay $250,000 loans, and cuddle French poodles before inserting the rectal thermometer.

"We have an advantage because we're naturally empathetic and affectionate," says Dr. Laura Pasten of Motherlode Veterinary Clinic in Grass Valley, Calif. The "we" she refers to are, of course, women.

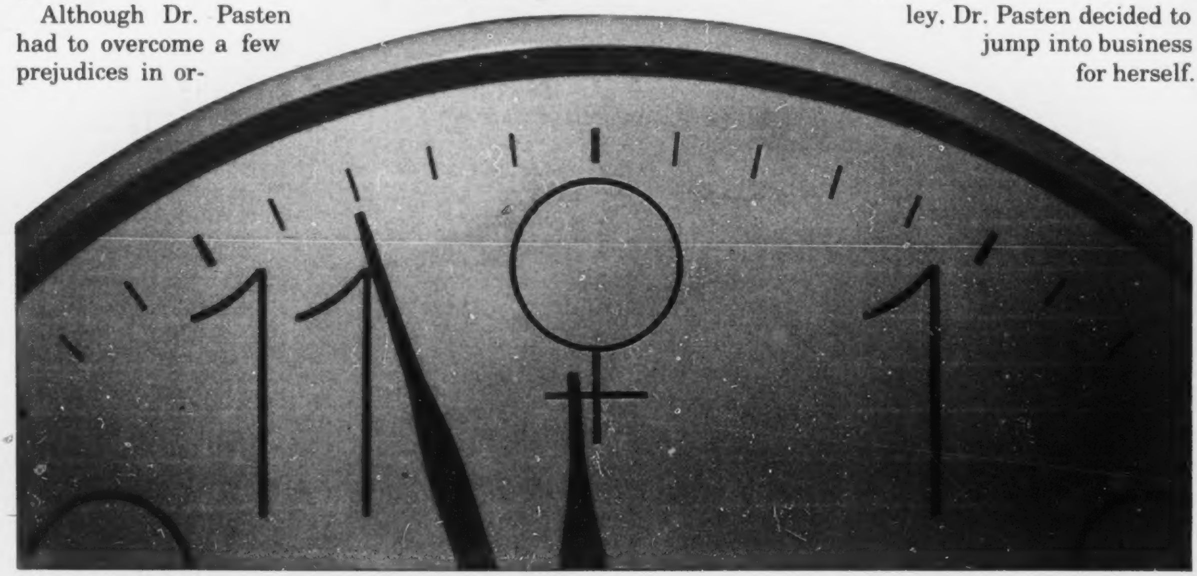
Although Dr. Pasten had to overcome a few prejudices in order to prove herself, she stands today with many women who believe being a female in a male-dominated profession definitely has its advantages.

Standing tall hasn't come easy. Early on she wasn't taken seriously. Dr. Pasten recalls when she announced her yearn to be a veterinarian, others patted her on the head and murmured, "That's nice, little girl."

"I wanted to do something that combined my love of animals and people," Dr. Pasten says.

In college, the 1974 Cornell graduate found being a woman helpful. "If you're a minority and you're good, you're noticed above everybody else." Dr. Pasten received her choice of five internships.

After working several years for a veterinary clinic in Grass Valley, Dr. Pasten decided to jump into business for herself.



"I realized I was going to be working for 40 years," she says, "and I may as well be my own boss for that length of time."

"Plus, nobody in the area had the facility or equipment that would allow me to practice the way I wanted."

She created a business plan and approached banks for a $290,000 loan. Nine banks waved a quick thumbs down. One bank gave a maybe, but only if her parents cosigned the note.

"I was devastated," she says. "The banks only saw that I didn't have collateral to secure the loan. They didn't see my potential."

Perseverance paid off. A small bank in Grass Valley did recognize Dr. Pasten's potential and decided to back her.

"I asked for the least amount of money possible," she recalls. "Then expenses ran more than I planned, and I had to beg and borrow $20,000 more from a private family."

While fighting for loans, Dr. Pasten was also battling with the zoning board, and the local newspaper reported the skirmishes in a series of front-page articles.

Nevertheless, the 3,400-square-foot clinic opened, but four months behind schedule, in the dead of winter, and on the tails of a swarm of publicity from the zoning battle.

Fortunately, the publicity worked to Dr. Pasten's advantage, she reports. "Those front-page articles put my name in front of people and brought me clients. If I had to do it over again, I'd make up an issue just to get the publicity," she remarks.

Now, Dr. Pasten uses publicity to inform the community of new equipment or continuing education she has completed.

The small animal practitioner built her business on communication, caring, and community involvement.

"Women are communicators," she believes. "Sophisticated clients want to know exactly what is going on. A woman explains details and reasons with clients. That creates a loyal and bonded client."

Dr. Pasten's clients help her gross $370,000 a year. They are willing to pay her 20 percent more than most of the other 21 area veterinarians charge. "I'm worth it," Dr. Pasten says. "I believe veterinarians are professionals and should charge accordingly."

Dr. Pasten helped organize the area veterinarians into rotating emergency services, so all clients have someone to call on 24 hours a day. She also keeps active in the Grass Valley community by serving on the chamber of commerce.

The California DVM also has gained a national image. Each September during National Cat Health Month, she tours the country for 9-Lives, a division of Starkist Foods Inc., doing radio and television shows with her most famous patient, Morris the Cat. 9-Lives helps to promote the importance of veterinary care in the health of cats.

Dr. Laura Pasten and Morris.

"Being female helped me get the job with 9-Lives," Dr. Pasten admits. "9-Lives thought a woman would project a loving and caring image."

"I don't try to be Mother Nature"

Across the country, Dr. Holly Ogburn finds the business of veterinary medicine to her liking. The Beaufort, S.C., practitioner builds a long client list and a healthy balance sheet by her compassionate and caring image. She is frequently featured on the front page of the local newspaper for her work with injured wildlife.

"I don't try to be Mother Nature," the 31-year-old small animal practitioner says. "But when it's automobiles, radio towers, and telephone lines causing the injury, I feel obligated to help."

Helping is why Dr. Ogburn felt dissatisfied with her work in veterinary parasitology and returned

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THE AUTHOR, who holds an MBA from Rockhurst College, is a business and financial writer from Leawood, Kan.

Heartgard^{30}®
(ivermectin) Tablets

Caution: Federal (U.S.A.) law restricts this drug to use by or by order of a licensed veterinarian.

INDICATION: For use in dogs to prevent canine heartworm disease. HEARTGARD^{30} (ivermectin) eliminates the tissue stage of heartworm larvae ((*Dirofilaria immitis*).

DOSAGE: HEARTGARD^{30} tablets are to be administered orally at the recommended minimum dose level of 6.0 mcg of ivermectin per kilogram (2.72 mcg/lb) of body weight at monthly dosing intervals (See ADMINISTRATION). The recommended dosage schedule for prevention of canine heartworm disease is as follows:

Dog Weight	Tablets Per Month	Ivermectin Per Tablet	Product Number	Color Bar on Dispenser and Carton
Up to 25 lb	1	68 mcg	38171	Blue
26 to 50 lb	1	136 mcg	38172	Green
51 to 100 lb	1	272 mcg	38173	Brown

Give dogs over 100 lb the appropriate combination of these tablets.
HEARTGARD^{30} is not recommended for use in dogs under six weeks of age.

ADMINISTRATION: The HEARTGARD^{30} tablet should be given so that dogs swallow the whole tablet. (The tablet may be wrapped in food to encourage consumption.) The dog should be closely observed for several minutes following administration to make sure that the entire dose has been consumed. If it is suspected that any of the dose has been lost, redosing is recommended. The proper dose should be given at monthly intervals during the period of the year when mosquitoes (vectors) potentially carrying infective heartworm larvae are active. The initial dose must be given within a month after the first exposure to mosquitoes. The final dose must be given within a month after the last exposure to mosquitoes.

When replacing diethylcarbamazine citrate (DEC) in a preventive program, the first dose of HEARTGARD^{30} must be given within a month after stopping DEC treatment.

If the interval between doses exceeds 30 days, the efficacy of HEARTGARD^{30} will be reduced. Therefore, for optimum performance, HEARTGARD^{30} must be given once a month on or about the same date. If treatment is delayed, whether by a few days or many, immediate treatment with HEARTGARD^{30} and reinitiation of the recommended dosing regimen will minimize the opportunity for the development of adult heartworms.

EFFICACY: HEARTGARD^{30}, given orally using the recommended dose and regimen, is effective against the tissue larval stage for up to a month after infection and, as a result, prevents the development of adult *Dirofilaria immitis*.

SAFETY: Clinical studies have shown a wide safety margin at the recommended dose level in dogs (see PRECAUTIONS for exceptions) including pregnant or breeding bitches, and stud dogs. Many commonly used flea collars, dips, shampoos, anthelmintics, vaccines, and steroid preparations have been administered in clinical trials with HEARTGARD^{30} in a heartworm prevention program.

PRECAUTIONS: To avoid future diagnostic confusion, all dogs should be tested for existing heartworm infection prior to starting treatment with HEARTGARD^{30}. Infected dogs should be treated to remove adult heartworm and microfilariae prior to initiating a program with HEARTGARD^{30}.

HEARTGARD^{30} is not effective against adult *D. immitis*. While some microfilariae may be killed by HEARTGARD^{30}, it is not effective for microfilariae clearance. A mild hypersensitivity-type reaction, presumably due to dead or dying microfilariae and particularly involving a transient diarrhea, has been observed after the treatment of some dogs that have circulating microfilariae.

In certain dogs, particularly of the collie breed, the concentration of ivermectin in the central nervous tissues following treatment is apparently greater than it is in other dogs. This is possibly due to a more readily penetrated blood-brain barrier in those dogs or to sequestration. In these dogs, the apparent potentiation of the inhibitory neurotransmitter, *gamma* aminobutyric acid, by ivermectin (GABA agonist effect) has resulted in adverse reactions which included mydriasis, depression, ataxia, tremors, drooling, paresis, recumbency, excitability, stupor, coma and death. These reactions have been reported at doses many times greater than the recommended low dose of HEARTGARD^{30}. In a clinical trial, these reactions occurred with ivermectin at doses of 200 mcg/kg and greater, but not at 50 mcg/kg. **Clients should be advised to observe collies closely for at least eight hours after treatment and to contact their veterinarian if any toxic signs are noted.** In cases of toxicity, symptomatic or supportive treatment is recommended.

Keep this and all drugs out of the reach of children. In case of human consumption, clients should be advised to contact a physician immediately. Physicians may contact a Poison Control Center for advice concerning cases of human consumption.

NOTE TO VETERINARIANS: HEARTGARD^{30} does not interfere with or prevent the development of antibodies to *Dirofilaria immitis*. Therefore, diagnostic kits utilizing the detection of antibodies may frequently provide misleading results (false positives) when used on dogs receiving HEARTGARD^{30}.

HOW SUPPLIED: HEARTGARD^{30} is available in three dosage strengths (See DOSAGE section) for dogs of different weights. Each strength comes in a convenient 6- or 9-tablet dispenser, packed 10 dispensers per carton.

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AND SHE THOUGHT IT WOULD BE A HOBBY

Dr. Jill Hanson

In Dr. Jill Endler Hanson's college days, she faced an uphill battle to become a veterinarian. The challenges didn't become any easier when she graduated, but Dr. Hanson's hard work paid off. Today, she owns the Hanson Animal Hospital in Coos Bay, Ore. In addition, she and her husband own Hanson's Mule Ranch and a Christmas tree farm. She was recently named one of 1987's Top Ten Business Women by the American Business Women's Association.

"When I built this practice, I thought it would be a hobby," she confesses. "I figured no one in this town of loggers and lumbermen would come to a woman veterinarian." Amazingly, she says, the lumbermen took to her very well, adding that there is an immediate rapport between a woman veterinarian and her clients.

Not so with bankers. When she went to the bank 10 years ago, at age 27, to apply for a loan to buy a piece of property with a rundown building on it, the banker "talked with me for two minutes, decided I was too big of a risk, and wouldn't even let me apply."

She managed to buy the property without him, and perk up the building as well. Two weeks after she opened her doors, the banker sat in Dr. Hanson's jammed waiting room, ready to offer a loan.

Before the practice was a year old, Dr. Hanson and her husband (who'd quit his job to help out) built an addition that doubled the size of the original building. The practice grosses $260,000 per year, and Dr. Hanson employs one other veterinarian.

Extra challenges for women

Dr. Hanson considers having a family the biggest problem she can think of for women practitioners. "I have two children, and with each I took a grand total of three days off," she explains.

But, she knows that at one time there were bigger problems. When she applied to the veterinary school at the University of Missouri in 1970, she had to face an 8-member male board. "I'll never forget it. They said to me, 'We have certain customs in our society and one of them is marriage. Do you plan to marry?'" she describes. "I told them no. At that time women knew the obstacles, but worked around them. By the time I was a senior, women were angry and bitter and fought. The situation was not a reflection on the school—I got an excellent education. It was just the times."

The face of veterinary education has changed dramatically since Dr. Hanson's college days. Today, 53 percent of all veterinary students are women.

ARE WOMEN'S FIGURES IMPROVING?

Women practitioners appear to be improving their lot in every category, according to VETERINARY ECONOMICS' Continuing Survey. They're younger, more prevalent, and flocking to the Northeast and Midwest. They're beginning to choose small and mixed practices over large animal and equine.

Salaries remain the tallest fence separating women and men. While gross income increased 1 percent and net income 2 percent for women from 1985 to 1986, women take home $15,900 less than men, based on median figures.

AGE

Women	1987	31.9 yrs.
	1986	32.6
Men	1987	38.7

GENDER

Women	1987	17.8 %
	1986	16.2
Men	1987	82.2

GROSS INCOME

Women	1986	$36,800
	1985	36,300
Men	1986	123,700

NET INCOME

Women	1986	$27,700
	1985	27,200
Men	1986	43,600

YEARS IN PRACTICE

Women	1987	5.2 yrs.
	1986	5.4
Men	1987	12.6

AVERAGE CLIENT TRANSACTION

Women	1987	$35.2
Men	1987	34.0

REGIONS

		Northeast	South	Midwest	West
Women	1987	28.3%	16.5%	18.1%	12.8%
	1986	17.9	19.5	11.9	15.3
Men	1987	71.7	83.5	81.9	87.2

PRACTICE COMPOSITION

		Small	Mixed	Large	Equine
Women	1987	20.6%	12.1%	4.9%	18.2%
	1986	17.9	9.3	8.8	25.0
Men	1987	79.4	87.9	95.1	81.8

All figures medians.

Dr. Holly Ogburn

to the University of Georgia for a degree in veterinary medicine. "I wanted to preserve the things I loved," she says.

After working at a clinic for three years, Dr. Ogburn was ready to make her own decisions. Carrying them out was more difficult.

She purchased $3^1/_2$ acres that housed a dilapidated nursery, tore down the building, borrowed $135,000, and began constructing a 1,600-square-foot clinic.

"I didn't face any obstacles peculiar to being a woman," she says.

She did find hurdles, however. The local department of health and environmental control ordered her to build an immense and expensive evaporation system because the agency was concerned about chemical waste from dipping dogs. The engineer charged $1,500 to draw the plans, the holding tank cost $1,000, and her attorney billed her $1,700.

To save on costs, Dr. Ogburn constructed a metal structure for $43,000. With building proceeding, she practiced at home and as a mobile DVM to keep contact with clients.

"It was the worst summer of my life," she recalls. "I did surgeries in my family room or on the client's coffee table."

Dr. Ogburn was the first female to practice in Beaufort, a coastal community of 47,000.

" 'I don't think women belong in veterinary medicine,' " she recalls one client's sniff.

That client stood in minority ranks. "Women have a great deal of sincerity," Dr. Ogburn maintains. "The word gets out as to who cares and who doesn't."

In the year-and-a-half of Dr. Ogburn's practice, the word has gotten out to more than 1,000 clients. She has more than 3,000 pa-

tients, with an average client transaction fee of $35.

"In a previously all-male field, a woman has to work harder," Dr. Ogburn states. She makes results happen by smart management practices. She hired a staff sensitive to her client's emotional needs. They're all women: three full-time and three part-time. She takes home sick animals to mother them, offers discounts to senior citizens, and makes house calls one day a week.

"I am gentle and thorough with my patients," Dr. Ogburn stresses. "Few of our animals cry out in pain, and that impresses people."

"We've grown because we respond to our clients"

Dr. Connie Pozniak has impressed clients and colleagues by resurrecting a stagnant practice in an aging building. Plus, she's added more than 1,000 clients in three short years.

Before gaining her DVM degree from the University of Georgia in 1979, Dr. Pozniak earned a master's in microbiology. She worked with herds after her master's work, but then headed to the DVM classroom for small animal medicine.

After graduation, Dr. Pozniak dropped anchor in an emergency clinic in Newport News, Va., where she earned her stripes in emergency medicine. "The emergency work was the best first job a new grad could have because she must use every piece of knowledge learned in school," she says. "You constantly use and develop your skills."

Dr. Connie Pozniak

Not wanting to end up shipwrecked in emergency medicine, Dr. Pozniak headed for Norfolk, Va., to try her own hand at running a medical business. "I got fed up trying to live on $18,000 a year while working hard for others." ▶

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She was one of the few woman practicing in Norfolk in 1982. "Only a few of the older clients didn't want to listen to a young woman," remembers the 41-year-old small animal practitioner.

In 1985, she gambled and bought a 27-year-old practice that "hadn't changed in 26 years." Taking over the business was a challenge in discretion.

"The former owner didn't even believe in prescribing heartworm preventives. I had to change my clients' attitudes. This is a high-risk area for heartworms," she says.

Other changes included $95,000 remodeling the 3,300-square-foot facility, doing much of the work herself. "Portions of the building didn't have electricity," she recalls.

Through landscaping and exterior remodeling, she improved the appearance of the building so dramatically that some clients didn't recognize it. "They would drive past, then call and say, 'I don't see the old building. Have you moved?' "

Dr. Pozniak is still moving to improve her facility and practice.

"People come to me because of my personal touch," she says. She offers personal service, spending quality time with clients. In addition, she remembers her clients' anniversaries and sends get-well cards to ill patrons. "We get lots of referrals," she says. "We've grown because we respond to clients."

What's on the drawing boards for Dr. Pozniak's practice? "I'm trying to even out the seasonality of my practice. I don't want clients to forget us in the winter. We're offering more services like geriatrics and dentistry to even out our workload."

TIMES ARE STILL TOUGH FOR SOME

"I need a wife," says Dr. Ruth Ann MacQueen, owner of Midway Veterinary Hospital in Chesapeake, Va.

Four years ago, Dr. MacQueen was working for a clinic, battling against too heavy a work load and salary disparity because she is a woman. She opened her own clinic because, she says, she was "already carrying a lot of the load of the practice. I was ready to make my own decisions."

Dr. MacQueen is one of the many women practitioners who feel the pressures of running a business and a home. Dr. Kathleen Smiler, president of the Association for Women Veterinarians says marriage can be viewed differently by men and women. "For men, marriage and a family are a support, an asset to careers," she explains. "For women practitioners, marriage is often a burden."

The burden includes inconsistent maternity arrangements, child care anxieties, and the difficulties of integrating family life with a busy practice. "Many women veterinarians refuse to admit they have any special stresses," Dr. Smiler says. "They are competing in a man's field, and they want to play by male rules."

The rules may be changing, says Dr. Erwin Small, professor and associate dean of the University of Illinois School of Veterinary Medicine. "Women comprise 50 to 70 percent of the entering classes in veterinary school," says Dr. Small, also acting head of clinics as the university. "People who are reluctant to accept women veterinarians and their needs better get over it."

Dr. Small notes salary discrepancies still occur, particularly for new women graduates. "Women often earn 10 to 20 percent less during the first two years out of school," he says. "Then salaries become more equal."

"Low salaries are a problem for employed veterinarians of both sexes," believes Dr. Smiler. "New graduates do not always stick up for themselves."

Dr. Smiler says some women are reluctant to go into private practice because of perceived financial barriers. They worry about professional and community acceptance.

Dr. Small's studies show women are accepted in small animal and equine practices. "Food animal clients do not totally accept women," he notes. "Many of the farm clientele don't want to see a female veterinarian."

But Dr. Small predicts that those days are changing. "As women demonstrate their expertise, they will impress the farmer," he says. Plus, food animal medicine is moving towards consulting in nutrition, environmental aspects, and reproduction.

"You don't have to be nine feet tall, 275 pounds, and a brute to read what comes out of the computer," says Dr. Small. ■

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WOMEN DVMs: THE TIME HAS COME

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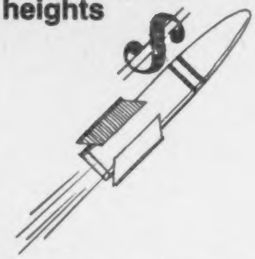

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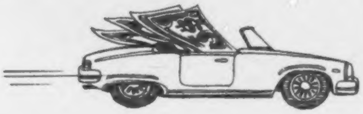

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

It's men on the endangered species list, not women.

For women, the time's right; for men, it's getting late. Today, you'll find about six male practitioners per female DVM working in the profession. By 1995, or in seven short years, you'll see four men per woman. Of course there's another way of looking at it: If you're a woman, you'll only be surrounded by four male colleagues soon.

What's down the long stretch? With college classes divided pretty evenly between men and women, the future of the profession looks to be turning pink from blue. We can pretty accurately predict that in about 20 years (many women now practicing will still be working in the profession), that the profession will be matched up evenly: one to one.

Certainly we have to begin now to look at the effects of that gender gain on the the profession. How will this change alter the image of veterinary medicine?Hopefully, spouse programs at meetings won't always be sightseeing, knitting circles, and cooking lessons. New spouse options: poker games and arm wrestling? Seriously, we would expect to see more women as owners and partners, as managers, as good will ambassadors of animal care, and as leaders in the profession. Will a woman be president of the AVMA before a woman lands in the Oval Office? Someday we'll have what are called "good-old-girl circles."

Two years ago we published a major article on women in the profession. In that cover story, "In Practice: Equal but Different" (December 1985, page 36), Dr. Nancy O. Brown of Plymouth Meeting, Pa., remarks, "Gender isn't what's important. Success simply comes down to what you do with your ability." That practical outlook is now echoed by the women practitioners who make up this month's cover story. They appear to be in charge of their business and professional growth.

Your comments on how women are faring in the profession are encouraged.

Michael D. Sollars

Michael D. Sollars

WOMEN DVMs: THE TIME HAS COME

Years ago, men joked that a female DVM would work for a male DVM, marry him, have babies, and stay home. The joke's over.

By Deborah Shouse

They lift 95-pound Dobermans, repay $250,000 loans, and cuddle French poodles before inserting the rectal thermometer.

"We have an advantage because we're naturally empathetic and affectionate," says Dr. Laura Pasten of Motherlode Veterinary Clinic in Grass Valley, Calif. The "we" she refers to are, of course, women.

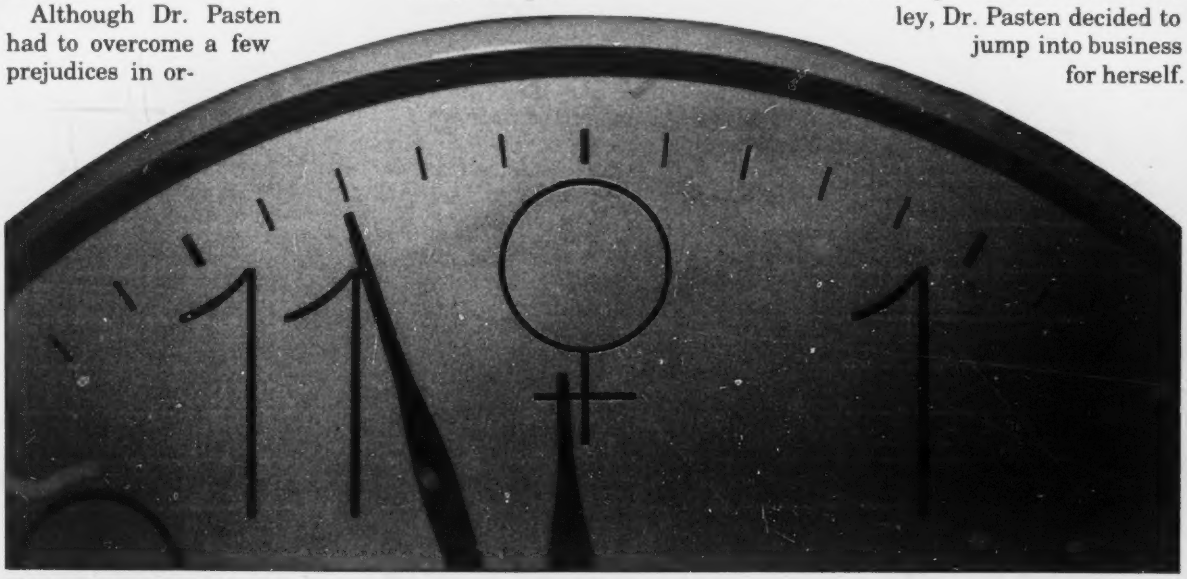
Although Dr. Pasten had to overcome a few prejudices in order to prove herself, she stands today with many women who believe being a female in a male-dominated profession definitely has its advantages.

Standing tall hasn't come easy. Early on she wasn't taken seriously. Dr. Pasten recalls when she announced her yearn to be a veterinarian, others patted her on the head and murmured, "That's nice, little girl."

"I wanted to do something that combined my love of animals and people," Dr. Pasten says.

In college, the 1974 Cornell graduate found being a woman helpful. "If you're a minority and you're good, you're noticed above everybody else." Dr. Pasten received her choice of five internships.

After working several years for a veterinary clinic in Grass Valley, Dr. Pasten decided to jump into business for herself.



"I realized I was going to be working for 40 years," she says, "and I may as well be my own boss for that length of time."

"Plus, nobody in the area had the facility or equipment that would allow me to practice the way I wanted."

She created a business plan and approached banks for a $290,000 loan. Nine banks waved a quick thumbs down. One bank gave a maybe, but only if her parents cosigned the note.

"I was devastated," she says. "The banks only saw that I didn't have collateral to secure the loan. They didn't see my potential."

Perseverance paid off. A small bank in Grass Valley did recognize Dr. Pasten's potential and decided to back her.

"I asked for the least amount of money possible," she recalls. "Then expenses ran more than I planned, and I had to beg and borrow $20,000 more from a private family."

While fighting for loans, Dr. Pasten was also battling with the zoning board, and the local newspaper reported the skirmishes in a series of front-page articles.

Nevertheless, the 3,400-square-foot clinic opened, but four months behind schedule, in the dead of winter, and on the tails of a swarm of publicity from the zoning battle.

Fortunately, the publicity worked to Dr. Pasten's advantage, she reports. "Those front-page articles put my name in front of people and brought me clients. If I had to do it over again, I'd make up an issue just to get the publicity," she remarks.

Now, Dr. Pasten uses publicity to inform the community of new equipment or continuing education she has completed.

The small animal practitioner built her business on communication, caring, and community involvement.

"Women are communicators," she believes. "Sophisticated clients want to know exactly what is going on. A woman explains details and reasons with clients. That creates a loyal and bonded client."

Dr. Pasten's clients help her gross $370,000 a year. They are willing to pay her 20 percent more than most of the other 21 area veterinarians charge. "I'm worth it," Dr. Pasten says. "I believe veterinarians are professionals and should charge accordingly."

Dr. Pasten helped organize the area veterinarians into rotating emergency services, so all clients have someone to call on 24 hours a day. She also keeps active in the Grass Valley community by serving on the chamber of commerce.

The California DVM also has gained a national image. Each September during National Cat Health Month, she tours the country for 9-Lives, a division of Starkist Foods Inc., doing radio and television shows with her most famous patient, Morris the Cat. 9-Lives helps to promote the importance of veterinary care in the health of cats.

Dr. Laura Pasten and Morris.

"Being female helped me get the job with 9-Lives," Dr. Pasten admits. "9-Lives thought a woman would project a loving and caring image."

"I don't try to be Mother Nature"

Across the country, Dr. Holly Ogburn finds the business of veterinary medicine to her liking. The Beaufort, S.C., practitioner builds a long client list and a healthy balance sheet by her compassionate and caring image. She is frequently featured on the front page of the local newspaper for her work with injured wildlife.

"I don't try to be Mother Nature," the 31-year-old small animal practitioner says. "But when it's automobiles, radio towers, and telephone lines causing the injury, I feel obligated to help."

Helping is why Dr. Ogburn felt dissatisfied with her work in veterinary parasitology and returned

---

THE AUTHOR, who holds an MBA from Rockhurst College, is a business and financial writer from Leawood, Kan.

Heartgard^{30}®
(ivermectin) Tablets

Caution: Federal (U.S.A.) law restricts this drug to use by or by order of a licensed veterinarian.

INDICATION: For use in dogs to prevent canine heartworm disease. HEARTGARD^{30} (ivermectin) eliminates the tissue stage of heartworm larvae (*(Dirofilaria immitis)*.

DOSAGE: HEARTGARD^{30} tablets are to be administered orally at the recommended minimum dose level of 6.0 mcg of ivermectin per kilogram (2.72 mcg/lb) of body weight at monthly dosing intervals (See ADMINISTRATION). The recommended dosage schedule for prevention of canine heartworm disease is as follows:

Dog Weight	Tablets Per Month	Ivermectin Per Tablet	Product Number	Color Bar on Dispenser and Carton
Up to 25 lb	1	68 mcg	38171	Blue
26 to 50 lb	1	136 mcg	38172	Green
51 to 100 lb	1	272 mcg	38173	Brown

Give dogs over 100 lb the appropriate combination of these tablets.
HEARTGARD^{30} is not recommended for use in dogs under six weeks of age.

ADMINISTRATION: The HEARTGARD^{30} tablet should be given so that dogs swallow the whole tablet. (The tablet may be wrapped in food to encourage consumption.) The dog should be closely observed for several minutes following administration to make sure that the entire dose has been consumed. If it is suspected that any of the dose has been lost, redosing is recommended. The proper dose should be given at monthly intervals during the period of the year when mosquitoes (vectors) potentially carrying infective heartworm larvae are active. The initial dose must be given within a month after the first exposure to mosquitoes. The final dose must be given within a month after the last exposure to mosquitoes.

When replacing diethylcarbamazine citrate (DEC) in a preventive program, the first dose of HEARTGARD^{30} must be given within a month after stopping DEC treatment.

If the interval between doses exceeds 30 days, the efficacy of HEARTGARD^{30} will be reduced. Therefore, for optimum performance, HEARTGARD^{30} must be given once a month on or about the same date. If treatment is delayed, whether by a few days or many, immediate treatment with HEARTGARD^{30} and reinitiation of the recommended dosing regimen will minimize the opportunity for the development of adult heartworms.

EFFICACY: HEARTGARD^{30}, given orally using the recommended dose and regimen, is effective against the tissue larval stage for up to a month after infection and, as a result, prevents the development of adult *Dirofilaria immitis*.

SAFETY: Clinical studies have shown a wide safety margin at the recommended dose level in dogs (see PRECAUTIONS for exceptions) including pregnant or breeding bitches, and stud dogs. Many commonly used flea collars, dips, shampoos, anthelmintics, vaccines, and steroid preparations have been administered in clinical trials with HEARTGARD^{30} in a heartworm prevention program.

PRECAUTIONS: To avoid future diagnostic confusion, all dogs should be tested for existing heartworm infection prior to starting treatment with HEARTGARD^{30}. Infected dogs should be treated to remove adult heartworm and microfilariae prior to initiating a program with HEARTGARD^{30}.

HEARTGARD^{30} is not effective against adult *D. immitis*. While some microfilariae may be killed by HEARTGARD^{30}, it is not effective for microfilariae clearance. A mild hypersensitivity-type reaction, presumably due to dead or dying microfilariae and particularly involving a transient diarrhea, has been observed after the treatment of some dogs that have circulating microfilariae.

In certain dogs, particularly of the collie breed, the concentration of ivermectin in the central nervous tissues following treatment is apparently greater than it is in other dogs. This is possibly due to a more readily penetrated blood-brain barrier in those dogs or to sequestration. In these dogs, the apparent potentiation of the inhibitory neurotransmitter, *gamma* aminobutyric acid, by ivermectin (GABA agonist effect) has resulted in adverse reactions which included mydriasis, depression, ataxia, tremors, drooling, paresis, recumbency, excitability, stupor, coma and death. These reactions have been reported at doses many times greater than the recommended low dose of HEARTGARD^{30}. In a clinical trial, these reactions occurred with ivermectin at doses of 200 mcg/kg and greater, but not at 50 mcg/kg. **Clients should be advised to observe collies closely for at least eight hours after treatment and to contact their veterinarian if any toxic signs are noted.** In cases of toxicity, symptomatic or supportive treatment is recommended.

Keep this and all drugs out of the reach of children. In case of human consumption, clients should be advised to contact a physician immediately. Physicians may contact a Poison Control Center for advice concerning cases of human consumption.

NOTE TO VETERINARIANS: HEARTGARD^{30} does not interfere with or prevent the development of antibodies to *Dirofilaria immitis*. Therefore, diagnostic kits utilizing the detection of antibodies may frequently provide misleading results (false positives) when used on dogs receiving HEARTGARD^{30}.

HOW SUPPLIED: HEARTGARD^{30} is available in three dosage strengths (See DOSAGE section) for dogs of different weights. Each strength comes in a convenient 6- or 9-tablet dispenser, packed 10 dispensers per carton.

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AND SHE THOUGHT IT WOULD BE A HOBBY

Dr. Jill Hanson

In Dr. Jill Endler Hanson's college days, she faced an uphill battle to become a veterinarian. The challenges didn't become any easier when she graduated, but Dr. Hanson's hard work paid off. Today, she owns the Hanson Animal Hospital in Coos Bay, Ore. In addition, she and her husband own Hanson's Mule Ranch and a Christmas tree farm. She was recently named one of 1987's Top Ten Business Women by the American Business Women's Association.

"When I built this practice, I thought it would be a hobby," she confesses. "I figured no one in this town of loggers and lumbermen would come to a woman veterinarian." Amazingly, she says, the lumbermen took to her very well, adding that there is an immediate rapport between a woman veterinarian and her clients.

Not so with bankers. When she went to the bank 10 years ago, at age 27, to apply for a loan to buy a piece of property with a rundown building on it, the banker "talked with me for two minutes, decided I was too big of a risk, and wouldn't even let me apply."

She managed to buy the property without him, and perk up the building as well. Two weeks after she opened her doors, the banker sat in Dr. Hanson's jammed waiting room, ready to offer a loan.

Before the practice was a year old, Dr. Hanson and her husband (who'd quit his job to help out) built an addition that doubled the size of the original building. The practice grosses $260,000 per year, and Dr. Hanson employs one other veterinarian.

Extra challenges for women

Dr. Hanson considers having a family the biggest problem she can think of for women practitioners. "I have two children, and with each I took a grand total of three days off," she explains.

But, she knows that at one time there were bigger problems. When she applied to the veterinary school at the University of Missouri in 1970, she had to face an 8-member male board. "I'll never forget it. They said to me, 'We have certain customs in our society and one of them is marriage. Do you plan to marry?'" she describes. "I told them no. At that time women knew the obstacles, but worked around them. By the time I was a senior, women were angry and bitter and fought. The situation was not a reflection on the school—I got an excellent education. It was just the times."

The face of veterinary education has changed dramatically since Dr. Hanson's college days. Today, 53 percent of all veterinary students are women.

ARE WOMEN'S FIGURES IMPROVING?

Women practitioners appear to be improving their lot in every category, according to VETERINARY ECONOMICS' Continuing Survey. They're younger, more prevalent, and flocking to the Northeast and Midwest. They're beginning to choose small and mixed practices over large animal and equine.

Salaries remain the tallest fence separating women and men. While gross income increased 1 percent and net income 2 percent for women from 1985 to 1986, women take home $15,900 less than men, based on median figures.

AGE

Women	**1987**	31.9 yrs.
	1986	32.6
Men	**1987**	38.7

GENDER

Women	**1987**	17.8 %
	1986	16.2
Men	**1987**	82.2

GROSS INCOME

Women	**1986**	$36,800
	1985	36,300
Men	**1986**	123,700

NET INCOME

Women	**1986**	$27,700
	1985	27,200
Men	**1986**	43,600

YEARS IN PRACTICE

Women	**1987**	5.2 yrs.
	1986	5.4
Men	**1987**	12.6

AVERAGE CLIENT TRANSACTION

Women	**1987**	$35.2
Men	**1987**	34.0

REGIONS

		Northeast	South	Midwest	West
Women	**1987**	28.3%	16.5%	18.1%	12.8%
	1986	17.9	19.5	11.9	15.3
Men	**1987**	71.7	83.5	81.9	87.2

PRACTICE COMPOSITION

		Small	Mixed	Large	Equine
Women	**1987**	20.6%	12.1%	4.9%	18.2%
	1986	17.9	9.3	8.8	25.0
Men	**1987**	79.4	87.9	95.1	81.8

All figures medians.

Dr. Holly Ogburn

to the University of Georgia for a degree in veterinary medicine. "I wanted to preserve the things I loved," she says.

After working at a clinic for three years, Dr. Ogburn was ready to make her own decisions. Carrying them out was more difficult.

She purchased $3^{1}/_{2}$ acres that housed a dilapidated nursery, tore down the building, borrowed $135,000, and began constructing a 1,600-square-foot clinic.

"I didn't face any obstacles peculiar to being a woman," she says.

She did find hurdles, however. The local department of health and environmental control ordered her to build an immense and expensive evaporation system because the agency was concerned about chemical waste from dipping dogs. The engineer charged $1,500 to draw the plans, the holding tank cost $1,000, and her attorney billed her $1,700.

To save on costs, Dr. Ogburn constructed a metal structure for $43,000. With building proceeding, she practiced at home and as a mobile DVM to keep contact with clients.

"It was the worst summer of my life," she recalls. "I did surgeries in my family room or on the client's coffee table."

Dr. Ogburn was the first female to practice in Beaufort, a coastal community of 47,000.

" 'I don't think women belong in veterinary medicine,' " she recalls one client's sniff.

That client stood in minority ranks. "Women have a great deal of sincerity," Dr. Ogburn maintains. "The word gets out as to who cares and who doesn't."

In the year-and-a-half of Dr. Ogburn's practice, the word has gotten out to more than 1,000 clients. She has more than 3,000 pa-

tients, with an average client transaction fee of $35.

"In a previously all-male field, a woman has to work harder," Dr. Ogburn states. She makes results happen by smart management practices. She hired a staff sensitive to her client's emotional needs. They're all women: three full-time and three part-time. She takes home sick animals to mother them, offers discounts to senior citizens, and makes house calls one day a week.

"I am gentle and thorough with my patients," Dr. Ogburn stresses. "Few of our animals cry out in pain, and that impresses people."

"We've grown because we respond to our clients"

Dr. Connie Pozniak has impressed clients and colleagues by resurrecting a stagnant practice in an aging building. Plus, she's added more than 1,000 clients in three short years.

Before gaining her DVM degree from the University of Georgia in 1979, Dr. Pozniak earned a master's in microbiology. She worked with herds after her master's work, but then headed to the DVM classroom for small animal medicine.

After graduation, Dr. Pozniak dropped anchor in an emergency clinic in Newport News, Va., where she earned her stripes in emergency medicine. "The emergency work was the best first job a new grad could have because she must use every piece of knowledge learned in school," she says. "You constantly use and develop your skills."

Dr. Connie Pozniak

Not wanting to end up shipwrecked in emergency medicine, Dr. Pozniak headed for Norfolk, Va., to try her own hand at running a medical business. "I got fed up trying to live on $18,000 a year while working hard for others." ▶

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She was one of the few woman practicing in Norfolk in 1982. "Only a few of the older clients didn't want to listen to a young woman," remembers the 41-year-old small animal practitioner.

In 1985, she gambled and bought a 27-year-old practice that "hadn't changed in 26 years." Taking over the business was a challenge in discretion.

"The former owner didn't even believe in prescribing heartworm preventives. I had to change my clients' attitudes. This is a high-risk area for heartworms," she says.

Other changes included $95,000 remodeling the 3,300-square-foot facility, doing much of the work herself. "Portions of the building didn't have electricity," she recalls.

Through landscaping and exterior remodeling, she improved the appearance of the building so dramatically that some clients didn't recognize it. "They would drive past, then call and say, 'I don't see the old building. Have you moved?' "

Dr. Pozniak is still moving to improve her facility and practice.

"People come to me because of my personal touch," she says. She offers personal service, spending quality time with clients. In addition, she remembers her clients' anniversaries and sends get-well cards to ill patrons. "We get lots of referrals," she says. "We've grown because we respond to clients."

What's on the drawing boards for Dr. Pozniak's practice? "I'm trying to even out the seasonality of my practice. I don't want clients to forget us in the winter. We're offering more services like geriatrics and dentistry to even out our workload."

TIMES ARE STILL TOUGH FOR SOME

"I need a wife," says Dr. Ruth Ann MacQueen, owner of Midway Veterinary Hospital in Chesapeake, Va.

Four years ago, Dr. MacQueen was working for a clinic, battling against too heavy a work load and salary disparity because she is a woman. She opened her own clinic because, she says, she was "already carrying a lot of the load of the practice. I was ready to make my own decisions."

Dr. MacQueen is one of the many women practitioners who feel the pressures of running a business and a home. Dr. Kathleen Smiler, president of the Association for Women Veterinarians says marriage can be viewed differently by men and women. "For men, marriage and a family are a support, an asset to careers," she explains. "For women practitioners, marriage is often a burden."

The burden includes inconsistent maternity arrangements, child care anxieties, and the difficulties of integrating family life with a busy practice. "Many women veterinarians refuse to admit they have any special stresses," Dr. Smiler says. "They are competing in a man's field, and they want to play by male rules."

The rules may be changing, says Dr. Erwin Small, professor and associate dean of the University of Illinois School of Veterinary Medicine. "Women comprise 50 to 70 percent of the entering classes in veterinary school," says Dr. Small, also acting head of clinics as the university. "People who are reluctant to accept women veterinarians and their needs better get over it."

Dr. Small notes salary discrepancies still occur, particularly for new women graduates. "Women often earn 10 to 20 percent less during the first two years out of school," he says. "Then salaries become more equal."

"Low salaries are a problem for employed veterinarians of both sexes," believes Dr. Smiler. "New graduates do not always stick up for themselves."

Dr. Smiler says some women are reluctant to go into private practice because of perceived financial barriers. They worry about professional and community acceptance.

Dr. Small's studies show women are accepted in small animal and equine practices. "Food animal clients do not totally accept women," he notes. "Many of the farm clientele don't want to see a female veterinarian."

But Dr. Small predicts that those days are changing. "As women demonstrate their expertise, they will impress the farmer," he says. Plus, food animal medicine is moving towards consulting in nutrition, environmental aspects, and reproduction.

"You don't have to be nine feet tall, 275 pounds, and a brute to read what comes out of the computer," says Dr. Small. ■

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Lenexa, Kan. 66215
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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $40 a year (Canada and Mexico). $60 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215. Second class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, Kan. 66215.

A Medical Economics Publication

MEMO FROM THE EDITOR

Freedom fighters rustle victory from the FDA

Drs. Robert Clack and Cliff Skiles probably understand President Reagan's frustration over getting support for the freedom fighters in Nicaragua. Although their battleground is far from the jungles of Central America, these two veterinarians are freedom fighters too. Their fight is with the FDA, and their battle is waged in the courtroom. This month's cover story follows the legal war maps of these two rebels and their small band of patriots.

So far, Drs. Clack and Skiles have fought the FDA in two major campaigns. First, they challenged the government giant in Louisiana over the veterinarian's right to use bulk drugs. Gaining only a stalemate in the South, they next marched to an Illinois courthouse where they dug in for what might have been their Custer's Last Stand.

The two large animal practitioners, frustrated with the signals coming from the AVMA and the FDA over extra-label drug use, formed their own association—American Food Animal Veterinary Medical Association. (The AFAVMA seeks new recruits, says Dr. Clack, no combat training needed or used.)

The AFAVMA was established to reclaim the rights the AVMA had given away to the FDA when it wrote the patient-client-veterinarian relationship. The freedom fighters chose the courtroom rather than the congressional hall for their stand. They sought support, but they found that their battle bugle raised an army of only 34 followers. That's a small group to fight any government, Dr. Clack says.

As in a red-man-against-blue-shirts movie, the small squad braced on the battlefield, awaiting support. But no cavalry rode in from the AVMA or any other organized group or college, says Dr. Clack. "We rode alone."

The legal challenge in Illinois turned victorious for the AFAVMA. The judge's favorable ruling, Dr. Clack maintains, allows all veterinarians to use drugs off-label and to repackage bulk drugs.

Michael D. Sollars

Michael D. Sollars

COMPUTERS ENHANCE REVENUES AND IMAGE

From reminders to practice analysis, inventory to medical diagnosis, computers help you make the most from your clients.

By Deborah Shouse

"Dear Rover: Our records show you're due for a rabies shot. Please have your master bring you in. Sincerely, Mar Vista Hospital Computer."

Messages like these have increased Dr. Ronald Louis Clutter's business among his current clients, while upping his gross by 5 to 10 percent a year.

"I have a personal practice," says the Los Angeles small animal practitioner. "At first, clients worried they might become merely numbers. But now they like the reminders because it gives the status of their animal."

Clients also accept computerized billing, which provides fees and patient information such as "Fifi was spayed. Expect her to be sluggish for a couple days."

"The computer takes the indecision out of pricing. I don't have to think, 'Should I charge that much for that procedure?' Everything is coded, so fees stay stable," Dr. Clutter explains.

The 1970 University of California, Davis, graduate also analyzes his prices with the computer.

"Before, I didn't know whether to raise prices on vaccines or X-rays. Now, I know how many vaccines *vs.* how many X-rays I've done. I compute the price changes that would be most profitable."

"At first," Dr. Clutter recalls, "I was afraid of the computer. I never touched it." Instead, a technically oriented employee worked with the computer company to set up the system. But when the key employee jumped ship to work for the computer company, Dr. Clutter says he had to get involved.

Now he hires only people with computer expertise. "The computer was one of the best changes I made," Dr. Clutter says.

Reach out and touch some clients

Dr. Wilbur Salter bought a computer because, "we wanted to reach out to all of our clients more effectively."

Twelve months after he purchased his computer, his Heritage Hill Veterinary Clinic's gross revenues increased from $280,000 to $406,000.

"Our client base had been stable for 10 years. The increase was from remindering and more accurate charging," says the 1972 Auburn graduate. "Seventy percent of the increase was net."

Because the computer allowed itemization, the six veterinarians of the Medfield, Mass., small animal practice could charge accurately for all their work.

"When a client sees a $350 bill, he wants to know exactly what it's for," Dr. Salter adds. "Our charges went up, and our client complaints went down."

With the extra revenues generated by computerized practice control, Dr. Salter and his partners bought a faltering clinic with a different client base.

"We obtained the rabies list from city hall and input it into the computer. Then we sent those people rabies notification, along with information about new ownership of the clinic," Dr. Salter says. "We got over 100 new clients from that mailing."

Heritage Hill's clients are impressed with computer capabilities. "Advanced technology in record keeping implies advanced technology in medicine," Dr. Salter states.

The advanced record keeping extends to isolating profit centers. Using the computer, Dr. Salter

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THE AUTHOR holds an MBA from Rockhurst College and is a business and financial writer from Leawood, Kan.

analyzed his surgical profits by square foot and unit of time, and discovered they were less than he thought.

"So we increased our prices, making our surgery as profitable as our office suites."

Dr. Salter believes profit centers are overlooked, a problem he explores in articles he writes for national retail trade magazines. "My wife opened a retail store. Through her, I realized the importance of profit centers."

With the help of his computer, Dr. Salter makes the most of profit centers in his practice. "The computer keeps track of the bottom line of each income category group, so we can spot trends," says Dr. Salter. "Buying a computer is like finding money."

"IT DOESN'T DRINK COFFEE, TALK ON THE PHONE, OR ASK FOR RAISES."

Drs. Dinjer and Maxine Shefki were looking for money and convenience when the husband-and-wife-team bought a computer two years ago.

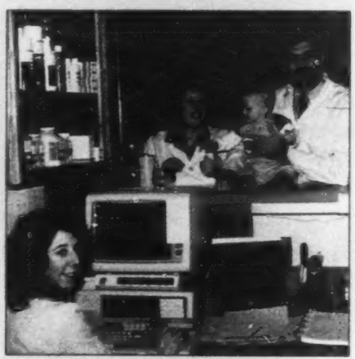
"We had a laborious manual reminder system," says Dinjer of Hawthorne Animal Hospital in Hawthorne, N. J. "We were missing people and not following up on clients."

The reminder/recall system increased client response by 30 percent and added to gross income by 15 percent. "It helps us keep a current client list, so we don't waste money marketing to inactive clients," he adds.

The small animal practitioner plans to use his computer only for reminders. "I just want the computer to pay for itself and make my life easier," he explains.

The computer does just that. In his three-doctor practice, the computer does the work of one more receptionist.

"But it doesn't drink coffee, talk on the phone, or ask for raises," he remarks.



Drs. Maxine and Dinjer Shefki have computerized their Hawthorne Animal Hospital. AHT Marilyn Carter works the computer keyboard while the doctors' son Adam gets attention.

Analyze your practice reports monthly

Dr. Charles Allen's employees don't have to wait a year to get raises at the Countryside Veterinary Clinic in Lowville, N. Y. His computer reports let him analyze practice earnings monthly.

"We used to give our employees yearly bonuses based on earnings. With timely computer-generated financial data, we give bonuses quarterly. This improves cash flow, and better rewards and motivates employees," the 1977 Cornell graduate maintains.

The seven-doctor practice bought the system in 1984 to help bill large animal clients and to promote their newly opened small animal hospital.

"We were sending out 500 manual bills a month," Dr. Allen says. "It was time-consuming."

With computerized billing, the clinic's gross has increased 30 percent, the doctor reports.

"We're also saving about an hour a day per doctor," says James Randall, the firm's business manager. "Plus, we're successfully collecting more finance charges now."

Randall has worked with the firm part-time since 1984, and as full-time business manager since 1986.

"We bought another machine two years ago to do accounts payable, payroll, and general ledger functions," he says.

Using the accounts payable program has saved Countryside Veterinary Clinic 5 percent by taking advantage of discounts and reduc-

> "The computer keeps track of the bottom lines of each income category group, so we can spot trends. Buying a computer is like finding money."

ing staff time.

In Lowville, which has a population of 3,500, the computer has also improved the clinic's image as a professional institution. "Because of our computer, we've gotten new referrals from outlying areas," Dr. Allen says. "Plus our average transaction has increased by almost 30 percent."

Take a look at better medicine

Dr. James Dorney of Summit Dog and Cat Hospital, located in Summit, N. J., increased gross and improved the efficiency of his practice with his computer.

"Within a year our system paid for itself," says the 1964 Cornell graduate.

The seven-doctor small animal practice computerized reminders, accounts receivable, inventory, and medical records.

"The computer provides the most effective way to keep inventory," Dr. Dorney says. "It generates re-order lists, using economic order quantity. Each item has its own re-order amount and re-order time."

The computer creates purchase orders and keeps track of whether or not items are taxable.

"We can also tell what products we sell by season," Dr. Dorney adds. "The computer keeps everything consistently priced and monitors expirations."

Computerized medical records "allow us to practice better medicine," Dr. Dorney explains. "If the patient's problem requires a rou-

HOW YOUR COLLEAGUES USE COMPUTERS

VETERINARY ECONOMICS recently surveyed veterinarians to learn about computer use in the profession. Listed below are the respondents' primary uses of a computer. The survey was sent to 1,500 veterinarians. We received 971 responses, or 65 percent.

Computer function	Percent responses
Reminder-recall	88%
Word processing	73
Accounts receivable	64
Billing	64
Practice analysis	60
Inventory	55

tine exam every six months, or if the animal needs to be monitored quarterly, the computer generates reminders."

The computer promotes efficiency and accuracy with its label-making capabilities. Dr. Dorney also tracks client seasonality with the computer, making reservations, creating discharge sheets, and scheduling procedures. "The computer gives us control over our practice," he says.

Computers do more than expected

Through a series of client meetings, Cliff Emerick of Professionals' Software Inc., discovered that his clients are expanding uses of the software, which PSI designed for practice management and revenue enhancement.

"We thought our check-in report was used only for remindering," says Emerick, director of sales and marketing for the Effingham, Ill., company. "But some doctors also input client information. This way they have personal data on each client and can maintain a close relationship with a large client base."

Emerick also discovered that the receipting program saves veterinarians money by simply reducing math errors.

"Our system was down for a day," one doctor reveals," and we uncovered $130 worth of math errors when we tried to do it by hand ourselves."

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"Can I speak to you, Pamela? Alone?!"

Dr. Kent Kruse, vice president of Animed, based in Oshkosh, Wis., says, "Our clients use their computers to build client loyalty, increase client visits, analyze their practices, and for medical diagnosis."

Although medical diagnosis does not directly translate into a dollar benefit, "better medicine pays for itself," Dr. Kruse says.

"The computer cannot tolerate sloppiness," he adds. "When you have a computer, you automatically adopt a management state of mind."

A computer system can evaluate the cost and return on new services and equipment. For instance, Dr. Kruse used his Care Hospital for Animals practice computer to determine that a new crematorium would pay for itself within 18 months.

"Our clients want their systems to work for their practices and pay for themselves," says Robert Kleemeier, president of Advanced Veterinary Systems, based in Chippewa Falls, Wis. "They're looking for expandable systems and good service."

David Facer of DVM Manager Software says computers can generate reminders and target marketing to produce more income from existing clients. "Client newsletters are good ways to target your marketing," says Facer, director of marketing for the Provo, Utah, company. "We recommend tailoring newsletters to specific clients: dog trainers, cat or dog owners, geriatric pets, animals needing dentals, etc." ■

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ALL-NEW
HOSPITAL DESIGN
CONFERENCE
REGISTER NOW–SEE PAGE 100

Hospital of the Year:
Cottonwood Animal Hospital

Don't be a failure:
be a specialist

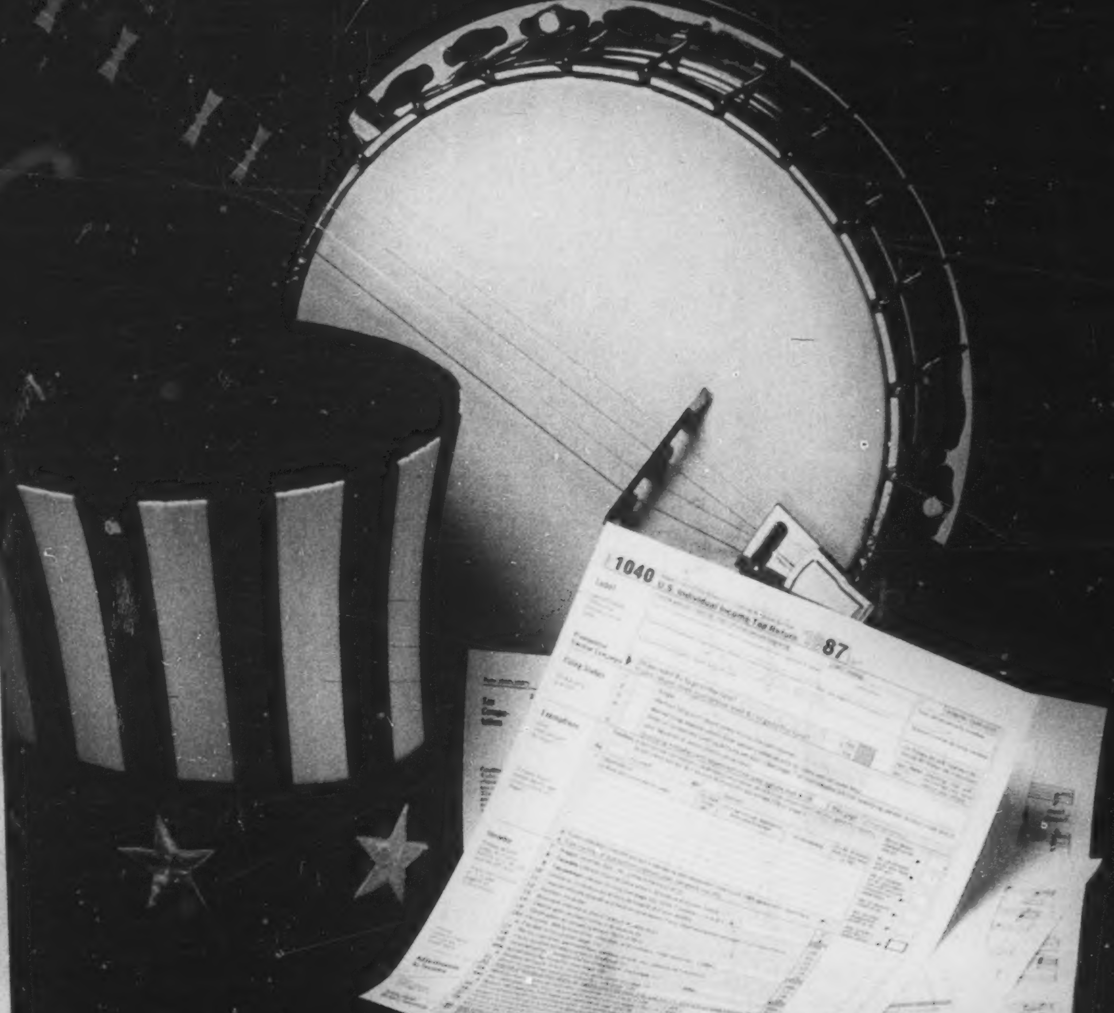
MARCH 1988

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

DOING THE TAX-TIME RAG

A guide to your 1987 taxes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U.S. Individual Income Tax Return
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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, Kan. 66215. Telephone (913) 492-4300.

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MEMO FROM THE EDITOR

Hospital of the year award goes to Utah partners; FDA purchases copies of "34 fought and won"; What's behind the $1 million humane society story?

The Cottonwood Animal Hospital/The Cat Clinic, in Salt Lake City, Utah, is 1987's Hospital of the Year winner. This well-designed small animal facility competed against 43 other worthy hospitals during a day-long judging held in Kansas City in January. The Cottonwood facility, owned by Drs. Dennis Law and Steven Timothy, gained top honors for its smooth traffic flow, aesthetics, and efficient use of space. For an inside look at the hospital, see page 90.

The judging—carried out by four exacting examiners—followed a rigorous process. With all entries displayed, the judges inspected each hospital's floor plan, photographs, and completed questionnaire. After discussing the strengths and weaknesses of each, the judges culled those not up to Hospital of the Year standards. This painful whittling away continued most of the day until the judges decided on the one hospital that stood out from the rest. The judges also selected hospitals worthy of a Merit Award. These will be featured each month in upcoming issues of VETERINARY ECONOMICS.

Drs. Law and Timothy will receive a plaque from the magazine during AAHA's awards ceremony in Washington, D.C., in April. This award is a unique honor. Only 22 hospitals—out of the almost 20,000 in the United States—have such a plaque hanging on their walls.

What's the FDA up to? The day after we published our February cover story, "34 Fought and Won," a member of the FDA came to our offices around noon to purchase six copies of that issue. No lunch invitation was offered.

The million-dollar tour. In January, we published the first inside look at a full-service humane society hospital. I hope you were able to read between the lines and use the information to your advantage.

Michael D. Sollars

By Michael D. Sollars

HOSPITAL OF THE YEAR

22nd ANNUAL HOSPITAL DESIGN COMPETITION

CLINIC COMBINES QUALITY CARE WITH COMFORTS OF HOME

It may blend in with the neighborhood, but this clinic couldn't hide from the judges in our hospital design competition.

By Catherine Lumetta ASSISTANT EDITOR

The building is warm and inviting, its stucco facade adorned with native rock and paned windows. The large cottonwood trees mottle the shingled roof with shade. At any moment, you expect to see kids bound out of the house to catch the school bus. Then you notice the parking lot.

This isn't a typical day in a typical neighborhood. Inside the appealing building, it's business as usual for the Cottonwood Animal Hospital/Cat Clinic in Salt Lake City, Utah, chosen Hospital of the Year in VETERINARY ECONOMICS' 22nd Annual Hospital Design Competition. The hospital competed against 43 others. (See page 94 for details of the competition.)

Dennis C. Law, DVM, and his partner Steven D. Timothy, DVM, planned their hospital to blend in with the residential atmosphere of their location.

"Aesthetics were very important to us," the doctors stated in their application. "We wanted clients to be attracted to the building so they would want to see what it was like inside."

Clients can do just that, upon request. "We wanted an open door policy—to be able to give a tour, take a client to visit his pet, with-

The Cottonwood Animal Hospital/Cat Clinic has a residential facade so it blends into the affluent residential community.

out ever being embarrassed that an outsider might not understand the problems associated with running a veterinary hospital," the doctors wrote.

Dr. Law has been practicing since 1982, when he began a mixed practice in Wyoming after graduating from Colorado State University. "I sold my practice because it was just enough large animal to demand too much of my time," says the 35-year-old. "I wanted to specialize in small animal, mostly orthopedic surgery."

Meanwhile, in Salt Lake City, Dr. Timothy, who went to school with Dr. Law and graduated in 1983, was thinking of building his own clinic. "We talked it over and decided to do it," the 33-year-old veterinarian recalls.

Time off was no vacation

The doctors both quit their old jobs to devote their time to building their clinic. After an extensive search, the perfect site was found at an intersection determined to be the second most used in the city. The site is in the Holladay/Cottonwood area, Salt Lake City's most affluent suburb.

For the next six months, the doctors fought to rezone the acre of land. They explained in their application: "Our back property line abutted a 75-unit condominium complex, and one-third of our property was designated as an easement for the ingress/egress of the complex."

In negotiations with the residents, the DVMs turned their easement over to the complex in exchange for support in their effort to rezone. Negotiations paid off, and the property was rezoned as commercial, with a conditional-use clause that allows the property to be used exclusively for a veterinary clinic.

Financing the hospital, says Dr. Timothy, was "probably the least of our problems." The partners each put up $30,000 toward the construction loan, then obtained long-term financing through the Small Business Administration's 504 Program. According to Dr. Timothy, "The SBA has the second mortgage for 50 percent of the value, the bank is the primary lender for 40 percent, and we're responsible for the remaining 10 percent. The primary lender put up the construction loan." ▶

THE OTHER WINNERS

First Runner-Up

Animal Medical and Surgical Hospital
Tulsa, Okla.

Merit Awards

Angels Camp
Veterinary Hospital
Angels Camp, Calif.

Animal Medical Center
Merced, Calif.

Catalina Pet Hospital, P.C.
Tucson, Ariz.

Chappelle Animal Hospital
Fort Collins, Colo.

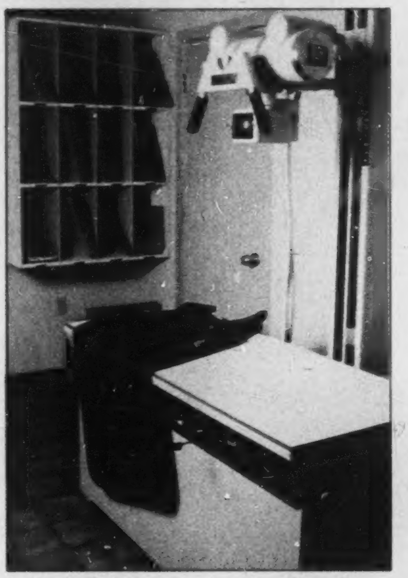
Danforth Animal Hospital
Edmond, Okla.

Leawood Plaza
Animal Hospital
Leawood, Kan.

Midpark Animal Hospital
& Cleveland Cat Clinic
Middleburg Heights, Ohio

The Hospital of the Year has separate entrances and waiting areas for cats and dogs. This custom-built counter is white-washed oak with a Formica top.

In surgery, NO_2 and O_2 are piped into the wall, with dual openings for two anesthesia machines. A window looks into treatment.



In the radiology room is a handy wall-mounted file for organizing X-rays.

Form follows function

The doctors designed the basic floor plan with a "zoning" approach—grouping similar work areas for maximum efficiency. Zone one includes the kennels; and zone two contains the surgery, scrub, I.C.U., isolation, treatment, and lab areas. Zone three includes reception and waiting, exams, and pharmacy; and zone four groups offices, lunch room, and the employee restroom. Each zone has its own ventilation, heating, and air conditioning elements. The zones were implemented in the design with the help of Architect John Erickson.

In their review of the hospital, our judges were impressed with the resulting floor plan. They also took special note of the hospital's handsome exterior, the spatial qualities of the reception area, the enclosed recovery room that can be sealed and environmentally controlled, the single bank cages, and the runs.

Working relationship important

Drs. Law and Timothy chose a residential feel so that "outside his own home, the client would feel our clinic was the best place for his pet to be." Dr. Law credits Architect Erickson and interior designer Sydney Makoff for helping realize this atmosphere.

"We wanted the place to be comfortable, but functional," Dr. Law says. "We had ideas of what we wanted but weren't familiar with the materials that could help us accomplish them, like Sydney was. She also acted as negotiator to help Steve and myself come to agreement about things.

"If I had to give any advice, I'd strongly recommend that you find someone you can trust and work with on your terms, and that you pay the price to get professional consultation," he says.

The doctors were also careful to hire contractors who would allow them to be actively involved, a step that also cut the costs. "We were basically the general contractors," explains Dr. Law. "We used the general contractor for his license and as a source of information. But we decided on the subcontractors. That way we could do a lot of the work ourselves."

Location draws clients

The actual construction took four months from ground-breaking until the doors opened at the end of August. The only marketing the doctors did was to announce the grand opening—officially Oct. 1—through ads in the newspapers and on the radio. The doctors also hosted an open house. Since then, says Dr. Law, they've relied on the location and appeal of their building.

The strategy seems to have worked. The clinic grossed approximately $71,000 in its first four months. About 15 clients visit Cottonwood Animal Hospital per day, with an average transaction fee of $52. Dr. Timothy attributes the high figure to the large amount of diagnostic work done. "People in this area are more willing to pay for such procedures," he says. ▶

JUDGES AGREE: QUALITY CLINICS HARDER TO FIND

Our judges came from near and far one January day to judge the 22nd Annual Hospital Design Competition. By the end of the day, they'd deemed nine of 44 hospitals worthy of merit awards.

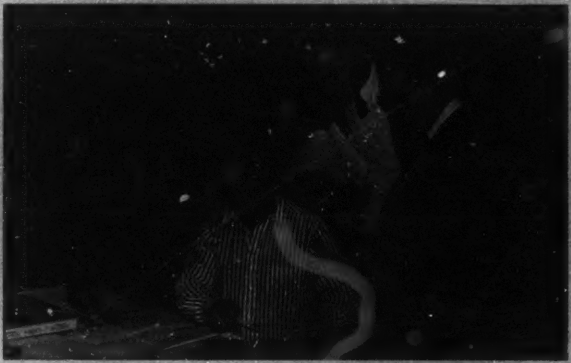
"The number and quality of clinics this year paled in the shadow of last year's competition," said Kansas City Architect James Marshall, Jr. One possible explanation: Last year's rise in interest rates may have kept spending capabilities down for many practitioners.

The 44 entries consisted of 26 new constructions, nine leasehold improvements, seven conversions, and two additions. Among the new constructions, the judges noted a new type of entry: clinics that are leased spaces in strips built by practitioners. The judges consider these clinics possible indicators of a change in the market.

"A practitioner who can't afford a freestanding building may want to build a strip so he isn't limited by the usual contraints of leased space," Marshall speculated. "He can build the strip around his clinic, and lease the remaining space to help him pay for it. Others may just wear the hats of both practitioner and real estate developer as a means of increasing income."

Only one hospital qualified as a true mixed animal facility. The other seven in that category don't accommodate in-house treatment of large animals. Small animal practices accounted for 36 of the entries; one of these was 100 percent feline. There were no entries for equine or food animal practices.

Besides Marshall, a member of the American Institute of Architects, the entries were also judged by AIA Architect Warren Freedenfeld and two DVMs: Dr. Ross Clark, our practice management editor and a small animal practitioner in Tulsa, Okla.; and Dr. James Rosenberger, a small animal practitioner from Ohio who has judged the Hospital Design Competition since it began 22 years ago.



Judges for this year's competition included, from left: James Marshall, Jr., AIA, Warren Freedenfeld, AIA, James Rosenberger, DVM, and Ross Clark, DVM.

The judges based their decisions on three main factors: the floor plan, the exterior, and the interior. Common reasons for eliminatng an entry from further consideration included poor client/staff traffic flow, too many halls, and incompatible exteriors and interiors. All of the winning hospitals had architects on their design teams.

This year's entries were also notable in the high number that provide retail products for their clients. Sixty-four percent indicated some type of product sales. Three of these hospitals have completely separate sales areas, and one has a separate entrance to "the store."

Despite the lower number of entries this year, the judges commented on the growing competition to build a better veterinary hospital. According to Marshall, "the actual facility is becoming extremely competitive. Some DVMs compete by building an attractive hospital, others by being frugal so they can cut fees. What will be important in the future is that the veterinarians be more intentional in what they present the public. They can't just hang out a shingle and expect to survive."

"We're finding a tremendous demand for new or completely renovated hospitals all over the country," Freedenfeld added. "I think we'll see a lot of new hospitals next year." ▶

GENERAL INFORMATION

Cottonwood Animal Hospital/
The Cat Clinic
6360 S. Highland Dr.
Salt Lake City, Utah 84121

Owners: Dennis C. Law, DVM
Steven D. Timothy, DVM

Practice type: 100 percent small animal

Support staff: 3 full-time, 4 part-time

Building size: 4,656 square feet

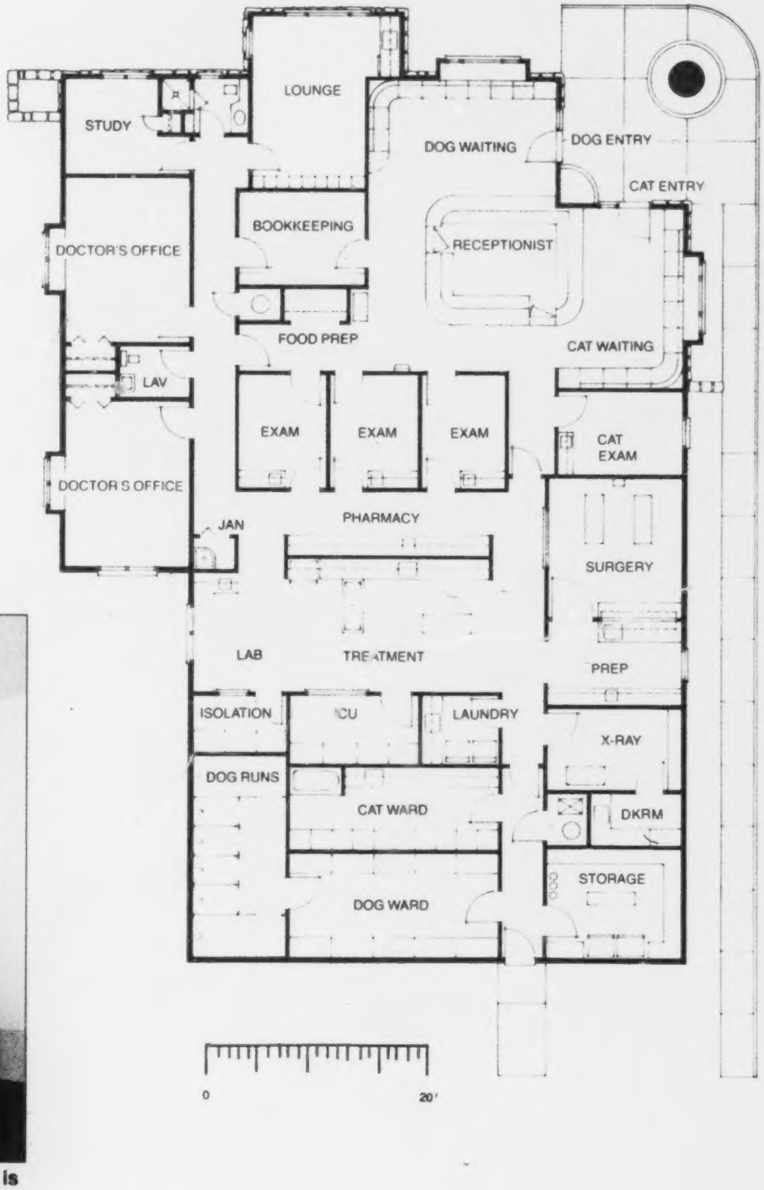
Construction costs: $295,000 ($63.36 per square foot)

Site cost: $133,000

Equipment costs: $68,000

Cost of furnishings: $8,500

Architect: John Erickson
5282 South 320 West
Salt Lake City, Utah 84123



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The employee lounge (see shaded area) is the most dominant aspect of the exterior. It doubles as a conference room and has a view of the mountains to the east.

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CONSTRUCTION SPENDING FALLS IN 1987

1987 construction spending for veterinary clinics was down considerably from 1986, as were the number of entries in VETERINARY ECONOMICS' Hospital Design Competition. Practitioners spent 16 percent less on average total costs for new constructions in 1987, and 12 percent less on average costs for leasehold improvements.

The number of entries in the 22nd Annual Hospital Design Competition was down 33 from the record 77 entries judged for 1986. Of this year's 44 entries, there were 26 new constructions, nine leasehold improvements, seven conversions, and two additions.

Average construction cost for . . .	
New construction ($59 per sq. ft.)	$219,000
Leased space	$61,000
Conversion	$89,000
Addition	$237,000

Average construction cost for all projects—new structure, renovation, and conversion*	**Year**	**Average cost per sq. ft.**
$171,000	**1987**	$51
$198,000	**1986**	$50
$174,000	**1985**	$47
$171,000	**1984**	$49
$131,000	**1983**	$44
$159,000	**1982**	$48
$162,000	**1981**	$46
$170,000	**1980**	$46
$129,000	**1979**	$42
$101,000	**1978**	$35
$ 94,000	**1977**	$28

*Figures compiled from VETERINARY ECONOMICS' Hospital Design Competition entries. Land and equipment costs not included.

"Our standard charges are actually very competitive in the community," adds Dr. Law.

In the short time the clinic has been open, the doctors can think of only a few things they'd do differently. "We're having some problem with the grout in the quarry tile cracking as the ground settles, and the epoxied walls are easy to clean but get scuffed and dented from the gurneys hitting them," says Dr. Timothy. "But the only major changes I'd probably make would be to put a flush system in the large kennels and make the ICU/recovery larger."

The judges faulted the clinic on only one point: the placement of the employee lounge so far from work areas. Dr. Timothy offers this explanation: "We wanted all of the offices, the lounge, and the study to be away from the work areas," he says. "Plus, we had to present the bank with a building that wasn't exclusive, so plumbing was a consideration. The plumbing for the lounge also services the study next door, which will hopefully be used when we go 24 hours. That way the person here at night can use the lounge for a kitchen. The lounge also functions as a conference room.

"And really, it's the nicest room in the building, with arched windows looking out to the mountains," he adds. "We wanted the employees to have a nice lounge."

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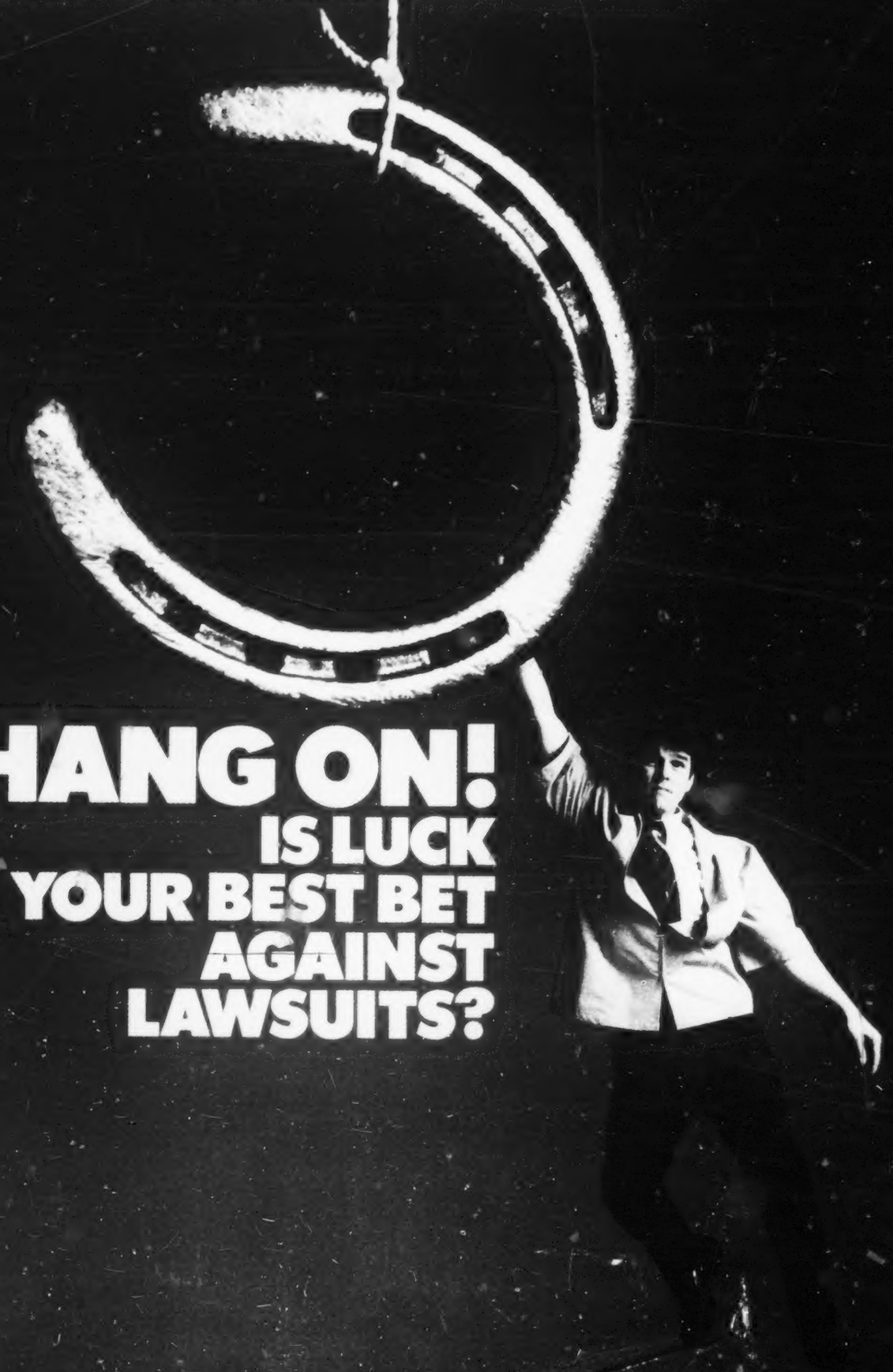

HANG ON!

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A Medical Economics Publication

MEMO FROM THE EDITOR

A sad farewell, but we'll meet again soon

I drove to Kansas State University on March 1 to speak to eager juniors and seniors, as well as their spouses, about making the most of their first years in practice. This marked my final public function as the editor of this magazine. The seminar was organized by the Kansas VMA auxiliary, with thanks to Susan Holterman and Kay Cure. Dinner, while quite good, was one of those low-budget affairs, with most of the food donated. Someone remarked that the ice cream had come from the dairy school. No sooner was that cat out of the bag, when someone else asked if the generous amount of roast beef had been a gift of the veterinary college.

After dinner, Dr. Joe Bailey, a speaker and veterinarian who is dedicating much of his time to helping impaired practitioners, thanked me for an article I had written almost two years ago. The story was "Suicide: Shattered Dreams, Sheltered Lives." To have your work remembered well is what every writer and editor secretly desires. (Money is important, too.) I hope there are many other articles, such as those on earnings, fees, and pricing your practice, that have helped your professional and personal lives.

Saying "So long, until later" is never done easily, especially to friends. But after more than five years as the editor of this magazine, the time has come for me to move on to new challenges. Those of you now working as associates and those of you in your own practices, I trust, understand my desire to seek this new challenge. Even though I won't be a part of this magazine any longer, I'm staying active in the veterinary medicine profession.

Thank you for being a constant reader over the years.

Michael D. Sollars

Michael D. Sollars

NOTEWORTHY

VETERINARY SERVICES RANKED NUMBER ONE IN RECENT SURVEY

Veterinary services lead the list of "businesses most likely to survive in remote places," according to a recent report in INC. magazine. Close runner-ups include legal, funeral, and dental services.

The study, conducted by Cognetics Inc., defines remoteness as "any location at least 60 miles away from the nearest metropolitan area." Because of the specialization required, veterinary services rank low in the list of common start-ups. (Businesses that survive in remote areas tend to be those that satisfy fundamental needs.)

The study says that remote start-ups have the greatest chance of growth in Vermont, the north Georgia mountains, eastern Maryland, rural Maine, and Alaska.

JOIN THE PROMOTION FOR NATIONAL PET WEEK, MAY 1-7

It's not too late to order promotional materials for National Pet Week, May 1-7. The annual event is sponsored by the AVMA, the Auxiliary to the AVMA, and this year, the American Animal Hospital Association.

This year's slogan, "Pets—A Gift of Love," reflects the program's purpose: to celebrate the contributions pets make to the well-being of their owners, to promote responsible pet ownership, and to increase awareness about veterinary services.

Media materials available include posters, sample press releases, special newspapers, and client information brochures. Contact the AVMA Public Information Division: (800) 248-AVMA; or (800) 233-AVMA within Illinois.

UNCLE SAM NEEDS YOU

Did you know that the USDA is the single largest employer of veterinarians in the free world? That and the statistics that follow come from Dr. Edward L. Menning, executive vice president of the National Association of Federal Veterinarians. According to Dr. Menning, fewer DVMs are applying for government jobs, "which means they're being filled by less-qualified, non-veterinarians."

According to Dr. Menning, human beings, rather than animals, are "the main concern of almost all public insitutional practice veterinarians." Dr. Menning's recent census shows that 2,792 DVMs work in the following government areas:

Government branch	Total DVMs
Department of Agriculture	1,984
Department of Defense	580
Department of Health & Human Services	199
Department of the Interior	11
Veterans Administration	10
Department of Commerce	3
Smithsonian Institution (Zoo)	3
USAID	1
Senate	1

■

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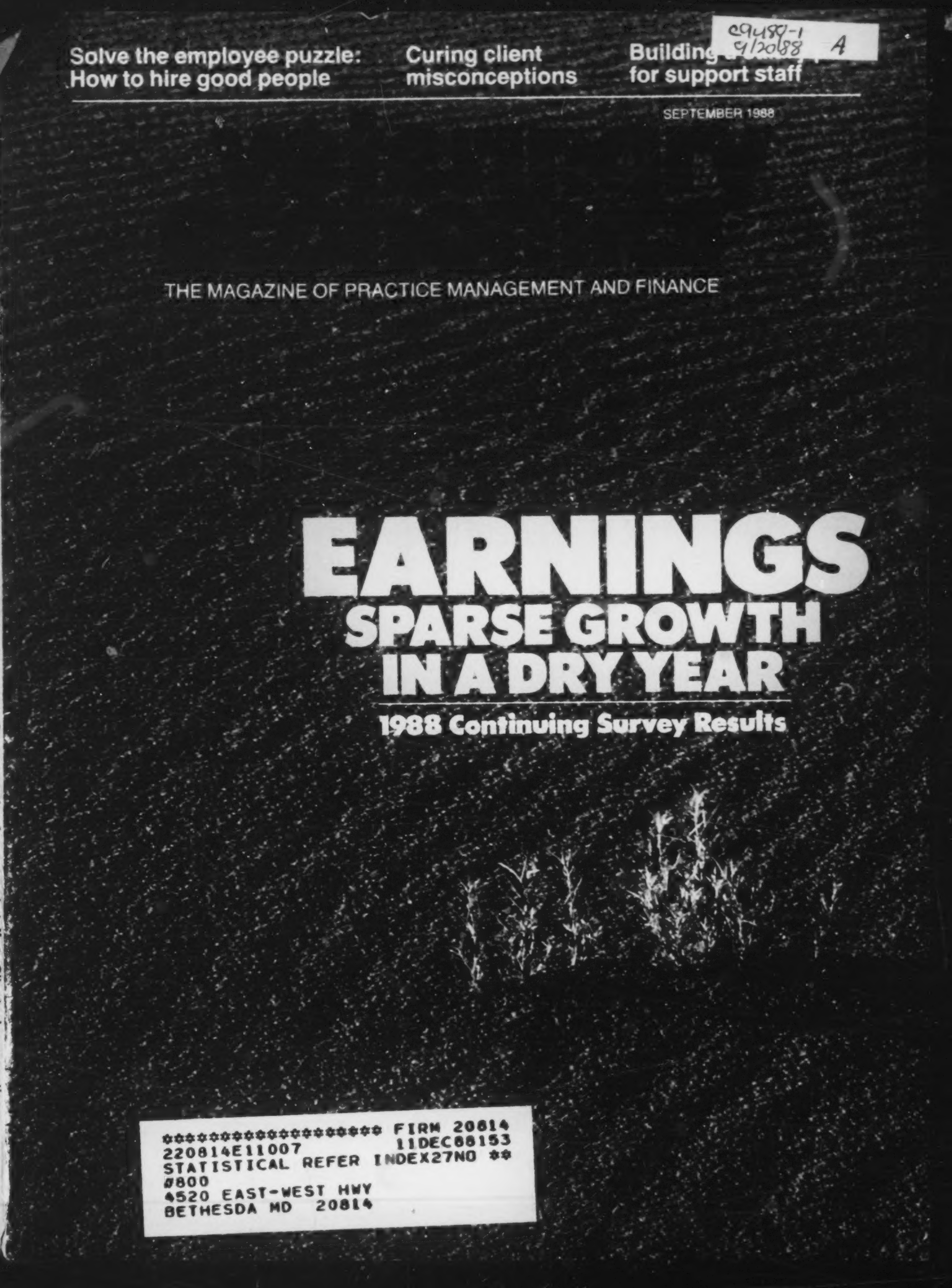
Solve the employee puzzle:
How to hire good people

Curing client
misconceptions

Building
for support staff

SEPTEMBER 1988

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE



EARNINGS

SPARSE GROWTH IN A DRY YEAR

1988 Continuing Survey Results

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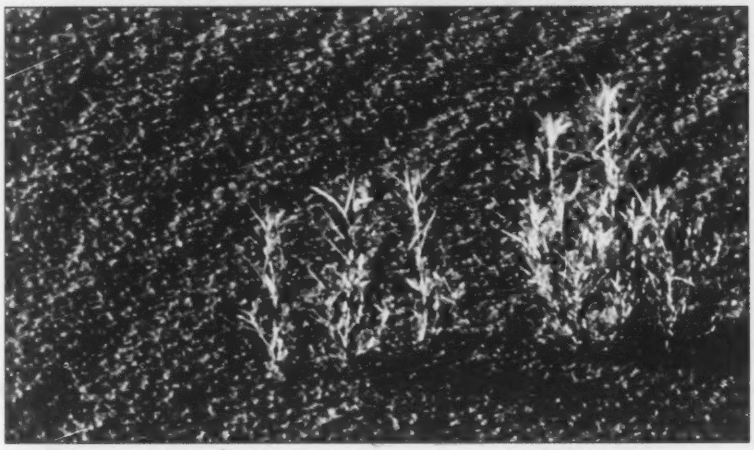

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VETERINARY ECONOMICS (ISSN0042-4862) is published monthly by Veterinary Medicine Publishing Co., 9073 Lenexa Drive, Lenexa, KS 66215. Telephone (913) 492-4300.
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Printed in U.S.A. Price $6.00 a copy. $30 a year (U.S.A.). $45 a year (Canada and Mexico). $65 a year (foreign). Address correspondence to Veterinary Economics, 9073 Lenexa Drive, Lenexa, KS 66215. Second-class postage paid at Shawnee Mission, Kan. and additional entry offices. Postmaster: Send change of address notice to Veterinary Economics, 9073 Lenexa Drive, Lenexa, KS 66215.

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MEMO FROM THE EDITOR

"All the service they can stand"

There are two ways to look at our cover this month: You can focus on the vast desert and moan, or you can smile at the hardy plants that are growing *despite* the conditions that surround them. Yes, the earnings news is bleak—but the response can't be. More than 900 veterinarians from every region of the country helped us compile the statistics that begin on page 30. Your own figures may vary, as may your response. But according to the veterinarians and consultants who commented on the findings, the solution to the downward trend is *service*.

Service, of course, is a pretty personal matter, and there's not one formula that will please all veterinarians. Dr. James Rosenberger sees service as a return to veterinary medicine—increasing your value to your clients by focusing your full attention on professional practice builders such as dentistry. Dr. Ross Clark says he's "pulling out all the stops" to get his net back on track, but he's quick to add that the strategies he uses are all within his comfort zone.

To keep his range cattle practice competitive, Dr. Sam Strahm markets his services aggressively. "Service is all we have to offer," he says, so he'd just as soon have clients come to him for everything that's involved in the care of their cattle. Management consultant Ted Beery concurs, urging practitioners to make the time for one-on-one contact to convince clients of the value of their services. Slow times have their bright side: There's time to sell yourself harder, to let clients know what you can do for them.

Everybody's talking about service. The house call and mobile veterinarians featured on page 64 provide their own brand of client service, as does Dr. Virginia Sue Copland, who first took her skills to a place that's accessible only by water or air (page 49). And then, of course, there's Dr. Ron Laughlin, whose award-winning hospital was designed to give clients "all the service they can stand" (page 74).

I just got a call from Dr. Michael Kovsky, and guess what the topic was? Service. Clients, he says, offer a trust in your ability to give the best possible care to their pets; you honor their trust with service. Dr. Kovsky recommends a book on the subject: *Service America* by Karl Albrecht and Ron Zemke (Dow Jones-Irwin, 1985). I'm going to read it, too—right after this issue is ready for *you* to read.

Becky Turner

Rebecca R. Turner

EARNINGS

SPARSE GROWTH IN A DRY YEAR

1988 Continuing Survey Results

Will a 3.2 percent hike in net quench veterinarians' thirst for higher earnings? VETERINARY ECONOMICS' advisors comment on the just-released 1987 figures.

By Rebecca R. Turner EDITOR and Rebecca Gants SPECIAL ASSIGNMENTS EDITOR

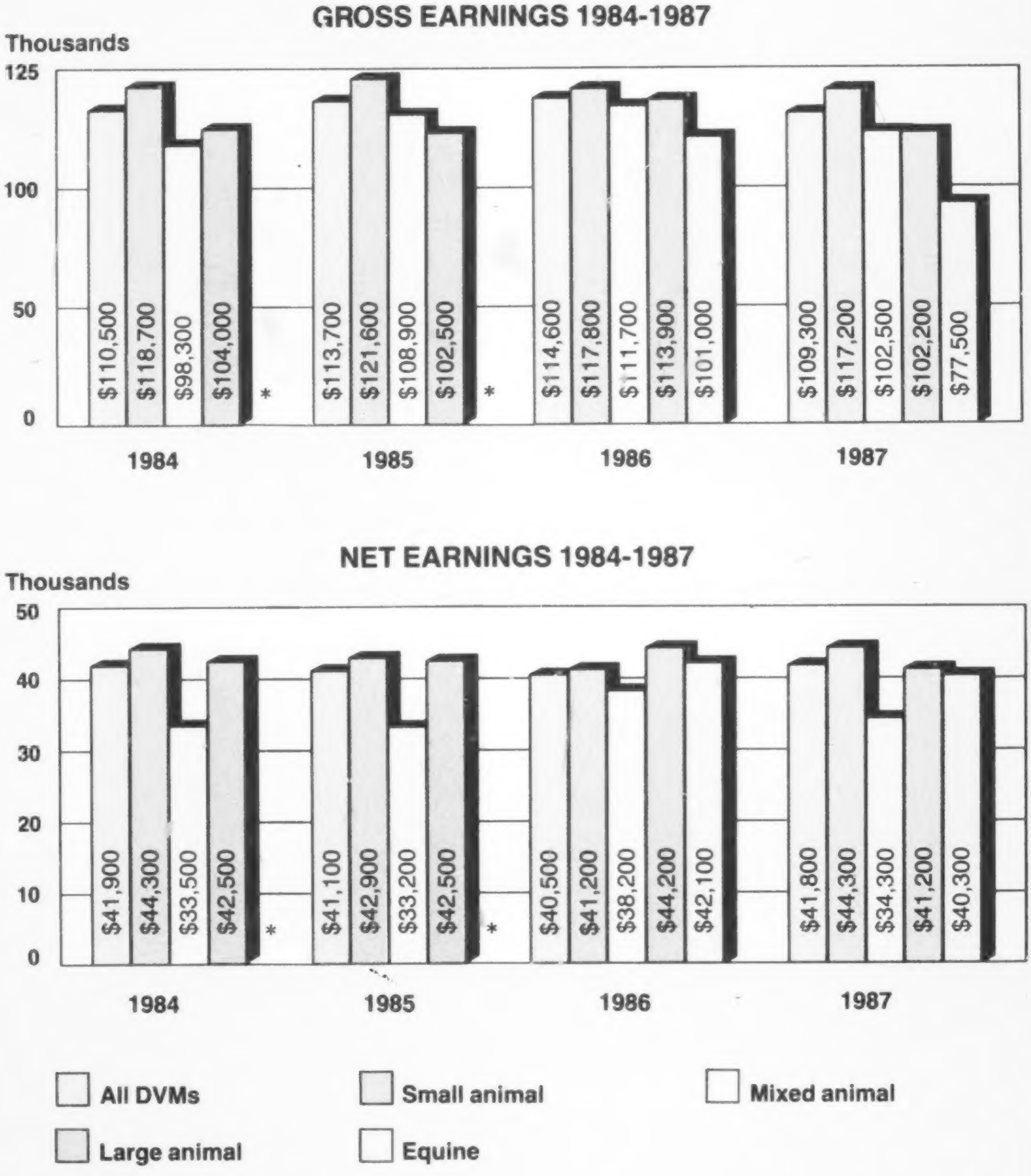
When earnings figures for 1987 rolled out of the computer in late July, the news seemed mediocre, at best. After three years' thirst for increased earnings, the veterinary community did receive a trickle of relief: Median net income grew by 3.2 percent, to $41,800. But gross income, parched by 4.6 percent, made its first fall in four years.

The VETERINARY ECONOMICS 1988 Continuing Survey pinpointed the oasis of earnings as belonging to small animal practitioners, who netted $44,300, a 7.5 percent increase. The prospect of higher income remained a mirage for mixed, large, and equine doctors, who experienced net drops of 10.2, 6.8, and 4.3 percent respectively.

And although an upward shift in earnings was long overdue, the $41,800 overall net is still below the 1984 median income of $41,900. Dollar-wise, individual veterinarians took home $1,300 more in 1987 than they did in 1986. But given last year's 4.4 percent rise in the Consumer Price Index, this nominal growth reverses to a $200 loss in spending power. Six of 10 veterinarians still earn less than $50,000.

The numbers paint a parched

HOW DOES YOUR EARNINGS GARDEN GROW?



*Equine figures not available
All figures are medians.

Source: VETERINARY ECONOMICS 1988 Continuing Survey

GROSS EARNINGS WITHER BY 4.6 PERCENT

Individual gross income	Percent of practitioners	
	1987	1986
$200,000 or more	16%	15%
190,000-199,000	4	4
180,000-189,999	4	3
170,000-179,999	3	3
160,000-169,999	3	3
150,000-159,999	4	4
140,000-149,999	3	5
130,000-139,999	3	4
120,000-129,999	4	6
110,000-119,999	4	6
100,000-109,999	5	4
90,000-99,999	4	4
80,000-89,999	3	3
70,000-79,999	4	3
60,000-69,999	6	3
50,000-59,999	4	4
40,000-49,999	3	4
30,000-39,999	10	8
Less than $30,000	13	14
Median	**1987: $109,300**	**1986: $114,600**

picture of the veterinary landscape, one that is expected to worsen after this year's drought. But according to a random sample of our contributors and advisors, the 1987 figures don't necessarily spell gloom and doom for the veterinary profession.

Yes, there are a lot of DVMs

Veterinary medicine increased its ranks in 1987 by 2.7 percent, for a total of 36,603 private practitioners. That, according to James Rosenberger, DVM, a small animal practitioner in Richmond Heights, Ohio, goes a long way toward explaining the falling numbers. "There are just so many dollars spent on pets that are now being spread among more and more people," he says.

In the face of this obstacle, Dr. Rosenberger says veterinarians are faring as well as possible, as shown by their rising net in a year of declining gross income. "If practitioners can increase their net in the face of falling gross, that tells us that we're working with extreme efficiency to reduce overhead and streamline our operations," he says. Veterinarians netted 38.2 percent of gross in 1987, compared to 35.3 percent in 1986.

Internal efficiency, according to Dr. Rosenberger, means "doing all the small, unglamourous things well. Everyone in the clinic has something to do, so there is no wasting of personnel or time." It also means, he says, that practitioners intensify their concentration on veterinary medicine. ▶

GROWTH SPURT OF 3.2 PERCENT FOR NET INCOME

Individual net income	Percent of practitioners	
	1987	1986
$100,000 or more	7%	5%
90,000-99,000	4	2
80,000-89,999	3	3
75,000-74,999	3	3
70,000-74,999	4	3
65,000-69,999	3	3
60,000-64,999	5	4
55,000-59,999	3	4
50,000-54,999	8	6
45,000-49,999	5	9
40,000-44,999	7	9
35,000-39,999	7	9
30,000-34,999	12	10
25,000-29,999	10	10
20,000-24,999	9	11
15,000-19,999	4	4
10,000-14,999	3	2
Less than $10,000	3	3
Median	1987: $41,800	1986: $40,500

"A lot of people have turned to merchandising instead," he says, "but maybe it's not that significant in improving our overall situation. Merchandising should increase gross income, but that doesn't appear to be happening. I think we should develop in depth such services as dentistry, and keep our attention focused on the area we're best trained for—veterinary medicine."

A PR push for more clients

Twenty-eight years ago, Thomas Young, DVM, became the 15th small animal veterinarian for Toledo's 500,000 residents. Today, there are 74 practitioners—and still 500,000 people. "The industry has an overcapacity," Dr. Young says, "and the results have to hit someplace."

"We've expanded our services, but it's inefficient from the standpoint of capital investment. Our building has a capacity for four veterinarians, but we have only two—so it's inefficient," Dr. Young says.

Although expanded services "make a difference and allow us to survive," Dr. Young says that overcapacity eventually overwhelms the ability to expand services. That's why he is all for the industry-sponsored public relations campaigns that encourage people to visit their veterinarians. In attracting new clients, he says, "these campaigns are definitely having a profound effect. But in a static market like I live in, it's really amazing that we can all survive and prosper."

Pulling out all the stops

Dr. Ross Clark, a practice management consultant who owns a small animal practice in Tulsa, Okla., says that in light of the survey findings, his situation may be typical. For the first time in 22 years, his gross is dropping in his main clinic. His two satellites are faring a little better, perhaps because they are small. "It's easier for a small clinic to grow, percentage-wise," he says.

To correct the trend in a city with an oil-based economy and an increasing number of veterinarians, Dr. Clark is "pulling out all the stops to increase our net. In spite of the declining gross, we still offer full service, but we've cut back on our extended hours. We're using every effective management strategy we can. Of course, we stay true to our own comfort zone," he says. Dr. Clark reports that there are 146 veterinarians for the 527,000 residents of Tulsa county.

One strategy recently re-implemented at Dr. Clark's Woodland Animal Hospital: Most information requests and cost inquiries are handled by veterinarians, not staff. "We've always known that a practitioner is more likely to line up an appointment for a specific problem than a receptionist or technician," Dr. Clark says. "During this slow time, we're concentrating on more client contact by the veterinarian."

Why the large animal lag?

Sam Strahm, DVM, a large animal practitioner in Pawhuska,

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WINDS OF GROWTH FAVOR ONLY THE MID-SOUTH

The good news is that doctors in most regions saw their first growth in median income in several years. Top earners in 1987 were veterinarians in the South-Atlantic, who netted $51,200, an increase breezing 23 percent above 1986 ($41,500) and far ahead of the Great Lakes top-dollar income of $43,300 in 1986.

The bad news is that only the Mid-South experienced a measurable increase in gross: 9.6 percent for South-Atlantic states and 3.4 percent for the Mid-South. Understandably, the hard-hit, oil-based economy of the Southwest left veterinarians there with the lowest gross, a 3.7 percent decrease, and the only other drop in net—a startling 7.7 percent.

PLAINS STATES

Gross	$110,000
Net	$40,000

Average client transaction
$28.70

NORTHEAST

Gross	$98,300
Net	$42,500

Average client transaction
$36.20

WEST

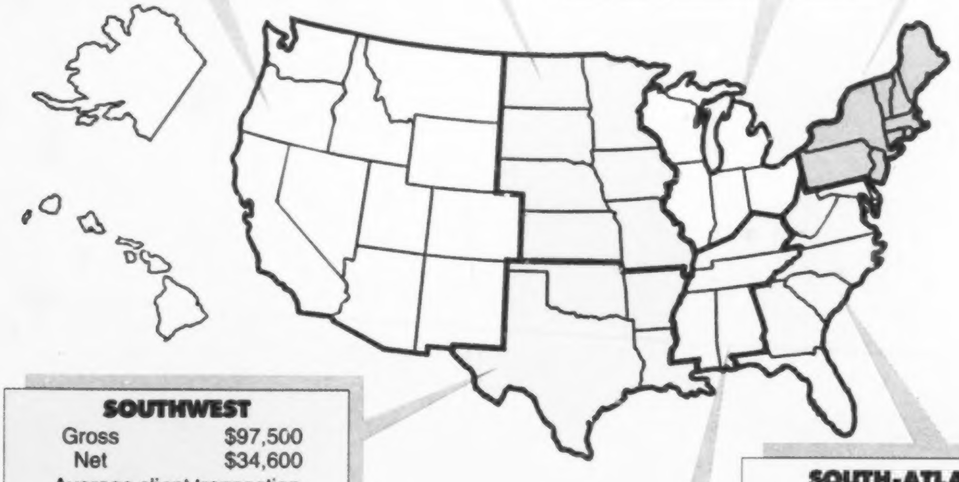
Gross	$115,000
Net	$40,900

Average client transaction
$38.50

GREAT LAKES

Gross	$107,800
Net	$42,500

Average client transaction
$31.80



SOUTHWEST

Gross	$97,500
Net	$34,600

Average client transaction
$35.40

SOUTH-ATLANTIC

Gross	$128,300
Net	$51,200

Average client transaction
$36.90

MID-SOUTH

Gross	$126,700
Net	$45,000

Average client transaction
$31.40

Gross income figures represent the veterinarian's individual share of income brought into the practice. Net income figures are tabulated after expenses and before taxes.

▶

Albon®
(sulfadimethoxine)
Injection-40%

DESCRIPTION: ALBON injection-40% is a low-dosage, rapidly absorbed, long-acting sulfonamide, effective for the treatment of a wide range of bacterial infections commonly encountered in dogs and cats.

Each ml contains 400 mg sulfadimethoxine.

Dogs and Cats

INDICATIONS: ALBON injection-40% is indicated for the treatment of a wide range of respiratory, genitourinary tract, enteric and soft tissue infections when caused by streptococci, staphlococci, escherichia, salmonella, klebsiella, proteus or shigella organisms sensitive to sulfadimethoxine.

DOSAGE AND ADMINISTRATION: ALBON injection-40% is recommended for administration by the intravenous or subcutaneous routes.

Dogs and cats should receive 1 ml of ALBON injection-40% per 16 pounds of body weight (55 mg/kg) as an initial dose, followed by 0.5 ml per 16 pounds of body weight (27.5 mg/kg) every 24 hours thereafter.

LIMITATIONS: Sulfadimethoxine is not effective in viral or rickettsial infections and, as with any antibacterial agent, occasional failures in therapy may occur due to resistant microorganisms. The usual precautions in sulfonamide therapy should be observed.

PRECAUTIONS: During treatment period, make certain that animals maintain adequate water intake.

If animals show no improvement within 2 or 3 days, re-evaluate your diagnosis.

Intramuscular administration is not recommended. Some animals treated by the intramuscular route exhibit signs of pain during and for a few minutes following such injections and in dogs blood levels are lower than those obtained by intravenous or subcutaneous treatments.

NOT FOR HUMAN USE

CAUTION: Federal law restricts this drug to use by or on the order of a licensed veterinarian.

Albon®
(sulfadimethoxine)
Tablets
0.125 g, 0.25 g and 0.5 g
Oral Suspension-5%

Each teaspoonful (5 ml) contains 250 mg sulfadimethoxine. To be used in the treatment of sulfonamide susceptible bacterial infections in dogs and cats and enteritis associated with coccidiosis in dogs.

DESCRIPTION: ALBON is a low-dosage, rapidly absorbed, long-acting sulfonamide, effective for the treatment of a wide range of bacterial infections commonly encountered in dogs and cats.

INDICATIONS: ALBON is indicated for the treatment of a wide range of respiratory, genitourinary tract, enteric, and soft tissue infections in dogs and cats when caused by streptococci, staphylococci, escherichia, salmonella, klebsiella, proteus or shigella organisms sensitive to sulfadimethoxine.

DOSAGE AND ADMINISTRATION
ALBON TABLETS AND ALBON ORAL SUSPENSION-5% INITIAL DOSE: 25 mg/lb (55 mg/kg) of animal body weight.

SUBSEQUENT DOSES: 12.5 mg/lb (27.5 mg/kg) of animal body weight.

ALBON ORAL SUSPENSION-5%
Dogs and cats should receive 1 teaspoonful of Albon Oral Suspension-5% per 10 pounds of body weight (25 mg/lb or 55 mg/kg) as an initial dose, followed by 0.5 teaspoonful per 10 pounds of body weight (12.5 mg/lb or 27.5 mg/kg) every 24 hours thereafter.

If animals show no improvement within 2 or 3 days, re-evaluate your diagnosis.

LIMITATIONS: Sulfadimethoxine is not effective in viral or rickettsial infections and, as with any antibacterial agent, occasional failures in therapy may occur due to resistant microorganisms. The usual precautions in sulfonamide therapy should be observed.

PRECAUTION: During treatment period, make certain that animals maintain adequate water intake.

NOT FOR HUMAN USE

CAUTION: Federal law restricts this drug to use by or on the order of a licensed veterinarioan.

HOW SUPPLIED
ALBON Tablets: 0.125, 0.25 and 0.5 g sulfadimethoxine per tablet.

ALBON Oral Suspension-5%: each tsp (5 ml) contains 250 mg sulfadimethoxine in a custard-flavored carrier.

Okla., and president-elect of the AVMA, identifies a poor agriculture economy and the increased use of stocker cattle in his practice area as trends contributing to the lower gross and net income of large and mixed practices.

"The whole agriculture situation in our area has been terrible. People are forced to simply exist and cut their cost margins. Unfortunately, veterinary services are among those being cut," he says. And as stocker cattle begin to replace cow/calf units, not as much veterinary service is required, Dr. Strahm adds.

To combat these conditions, Dr. Strahm says he has to market his services aggressively to keep his range cattle practice competitive. That means marketing products so that his clients come to him for everything they need.

"We use a lower markup, so we work on a low margin. But if we turn the money over regularly, we do OK. For us, it's what we have to do and what we're comfortable with. Of course, the net you figure into merchandising is lower than you were taught to expect or hope for," he says.

Dr. Strahm says he pulls in nearly "six figures" with the eartags he sells on a very small markup. "But 10 percent of something is better than 50 percent of nothing," he says.

Dr. Strahm is confident that the earnings outlook for the veterinary profession will improve. "We have to provide complete service—that's all we as practitioners have to sell. We've been through this before, and we'll make it again if we keep our clients coming back to us for service."

Another area, another story

Ted Beery, a consultant who teaches practice management at the Univerity of Minnesota School of Veterinary Medicine, says a turnaround isn't necessary—at least not for many of the large and mixed practices in the upper Midwest. "I'd say last year was our best ever. The numbers may be down nationwide, but I don't see it here," he says.

"At least we were healthy until the drought," he continues, "and the verdict isn't in on that yet. Everybody is watching receivables very closely, though, now."

Beery says a strong year brings with it a problem you don't hear much about these days: veterinarian *under*supply. "The practitioners here held back for a couple of years, but they got tired of working so hard. Some of them are in a hiring mode now—but they can't find people." When they do hire associates, however, Beery says the veterinarians will have more time to concentrate on practice management opportunities and other ways to market their services more effectively.

For the veterinarians whose financial statistics do ring true with the Continuing Survey results, Beery recommends that they, too, take the time to market their services better. "The veterinarian needs to do more one-on-one promotion to the farmer, who will be more reluctant in bad times. The focus needs to be on preventive medicine and how veterinary care can earn or save the farmer money in tight times."

Avoiding tax obstacles

Incorporated practitioners waited patiently for the escalated 1987 tax brackets to fade with the New Year. "A lot of corporate people were not drawing full salary expenses for themselves in 1987," says Owen McCafferty, CPA, who heads an Ohio-based accounting firm devoted to tax and practice management assistance for veterinarians. "The highest marginal tax rate of 38.5 percent in 1987 fell five percentage points in 1988," he says.

"Net does not necessarily reflect true profitability for many practices," he says. "The proliferation of point-of-purchase displays in small animal hospitals theoretically should pump gross and deflate net earnings because of the tigher profit margin."

McCafferty also says that erosion of the veterinary market might signal the demise of bread-and-butter practices, those relying chiefly on standard medical services. Veterinarians, he says, function under an umbrella of such relatively fixed expenses as utilities, while drug and supply costs balloon each year. The across-the-board increase in net as a percentage of gross doesn't necessarily indicate good business sense, he says.

"This could mean that veterinarians are cutting payroll to save money," he says. "But time

A RAINBOW OF EARNINGS STATISTICS

The figures on this page may prove helpful in analyzing your practice situation. Note, for example, the low fees that may be preventing those who gross $50,000 to $99,000 from moving into a higher category. Note, too, the higher fees charged by those veterinarians who grossed more than $200,000 in 1987.

	Number of active clients	Average client transaction	Number of hours worked per week
GROSS INCOME			
UNDER 50K	2,000	$35.10	48.4
	*	$35.20	47.6
50K-99K	1,500	$30.70	49.9
	*	$29.70	50.0
100K-149K	2,001	$33.00	51.2
	*	$30.20	50.4
150K-199K	3,000	$36.80	51.6
	*	$35.40	53.4
200K or more	3,155	$38.70	52.7
	*	$36.40	53.3

PRACTICE COMPOSITION			
ALL DVM	2,203	$35.20	50.1
	*	$34.00	50.7
SMALL	3,000	$35.60	48.2
	*	$35.20	48.3
MIXED	1,584	$30.20	56.0
	*	$27.00	56.9
LARGE	247	$29.20	57.5
	*	$35.30	57.4
EQUINE	350	$52.50	56.5
	*	$45.50	56.7

All figures are medians
*information not available

1987 ☐ 1986 ☐

spent performing the functions of the support staff robs the practitioner's role as doctor. A decrease in services might give the DVM more time to scrub floors and clean cages, so he decreases staffing and net increases. But this is a quick route to burnout. Ideally, veterinarians should maintain profit margins while increasing volume," McCafferty says.

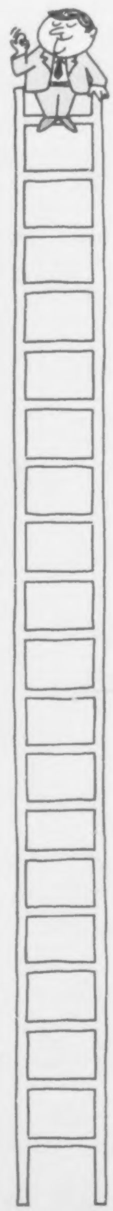
Add value to service

Dr. Marty Becker, a small animal practitioner with clinics in Idaho and Utah, is taking action to ward off the downward trends by offering more value-added services to his clients. "A few years ago, I would never have believed that people would pay what they do for dentistry. At my clinics, we've also added critical care facilities, ASIF bone-plating equipment, QBC blood units, and so on. Clients are willing to pay for more convenience and advanced care," he says.

The key, Dr. Becker says, is to increase the number of client visits per year, and then cross-market goods and services to those people. "Practitioners need to add more value-added services for their clients and get away from the old traditional profit centers."

The survey findings, he says, "aren't dismal if veterinarians see them as an indication it's time to change for the better." ▶

WHO'S HOT AND WHO'S NOT IN THE INCOME POLLS



Rising income figures brought marginal relief to all but the Southwest and Great Lakes regions in 1987. Veterinarians in the South-Atlantic netted $51,200, outracing by 18 percent 1986's top earners in the Great Lakes. Adjusting for the Consumer Price Index, South-Atlantic DVMs realized an increase in earning power over the highest earners in 1986 of $6,100. The earnings forecast still favors incorporated doctors, who took home a modest 3.9 percent pay hike, still 18 percent ahead of unincorporated practitioners, who netted 5.6 percent more than in 1986.

Employed veterinarians profited from a 3.9 percent increase in median income. Par for the course, males stride ahead of female practitioners. The men took home $2,000 more than in 1986, while the women closed the gap slightly with an increase of $3,300. Practitioners in their 40s now rule the income roost, netting $2,400 more than the 1986 high-earning doctors in their 50s. Small animal doctors reclaimed their top-dollar position, earning 7.5 percent more than large animal practitioners, who were the top earners in 1986.

South-Atlantic DVMs earn most:	$51,200
Incorporated practitioners earn most:	$53,900
ahead of unincorporated:	45,600
and employed doctors:	29,600
Male doctors ahead of female DVMs:	$45,600 *vs.* 31,000
DVMs in their 40s earn most:	$54,600
Small animal doctors take the lead in net income figures:	$44,300—small 41,200—large 40,300—equine 34,300—mixed

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THE GRASS IS GREENER FOR CORPORATIONS

Incorporated doctors took home more money in 1987, but unincorporated doctors reaped a 4.4 percent increase in gross compared to a corporate practitioner's 9 percent cut in 1987. However, incorporated veterinarians managed to retain a favorable earnings margin, harvesting 18 percent more income than unincorporated DVMs. Expenses for corporate doctors were a median of $86,800, 21 percent ahead of unincorporated practitioners' median expenses of $71,700.

Incorporated				Unincorporated
$153,000	**1987**	**Gross**	**1987**	$121,500
$168,100	**1986**		**1986**	$116,400
$53,900		**Net**		$45,600
$51,900				$43,200
$86,800		**Expenses**		$71,700
$85,500				$70,800

LEARN TO WORK SMARTER, NOT LONGER

Hours/week		Net
48.2	**Small animal**	$44,300
56.0	**Mixed animal**	$34,300
57.5	**Large animal**	$41,200
56.5	**Equine**	$40,300

INCOME PEAKS EARLY AND BEFORE RETIREMENT

Gross in 1987	Years in practice	Net in 1987
$26,500	**1-2**	$24,700
$39,000	**3-5**	$31,300
$115,000	**6-10**	$39,400
$142,800	**11-20**	$52,700
$130,000	**21-30**	$54,000
$136,000	**31-40**	$53,700
$185,000	**Over 40**	$67,500

All figures are medians.

▶

Heartgard30®
(ivermectin) **Tablets**

Caution: Federal (U.S.A.) law restricts this drug to use by or by order of a licensed veterinarian.

INDICATION: For use in dogs to prevent canine heartworm disease. HEARTGARD^{30} (ivermectin) eliminates the tissue stage of heartworm larvae ((*Dirofilaria immitis*).

DOSAGE: HEARTGARD^{30} tablets are to be administered orally at the recommended minimum dose level of 6.0 mcg of ivermectin per kilogram (2.72 mcg/lb) of body weight at monthly dosing intervals (See ADMINISTRATION). The recommended dosage schedule for prevention of canine heartworm disease is as follows:

Dog Weight	Tablets Per Month	Ivermectin Per Tablet	Product Number	Color Bar on Dispenser and Carton
Up to 25 lb	1	68 mcg	38171	Blue
26 to 50 lb	1	136 mcg	38172	Green
51 to 100 lb	1	272 mcg	38173	Brown

Give dogs over 100 lb the appropriate combination of these tablets. HEARTGARD^{30} is not recommended for use in dogs under six weeks of age.

ADMINISTRATION: The HEARTGARD^{30} tablet should be given so that dogs swallow the whole tablet. (The tablet may be wrapped in food to encourage consumption.) The dog should be closely observed for several minutes following administration to make sure that the entire dose has been consumed. If it is suspected that any of the dose has been lost, redosing is recommended. The proper dose should be given at monthly intervals during the period of the year when mosquitoes (vectors) potentially carrying infective heartworm larvae are active. The initial dose must be given within a month after the first exposure to mosquitoes. The final dose must be given within a month after the last exposure to mosquitoes.

When replacing diethylcarbamazine citrate (DEC) in a preventive program, the first dose of HEARTGARD^{30} must be given within a month after stopping DEC treatment.

If the interval between doses exceeds 30 days, the efficacy of HEARTGARD^{30} will be reduced. Therefore, for optimum performance, HEARTGARD^{30} must be given once a month on or about the same date. If treatment is delayed, whether by a few days or many, immediate treatment with HEARTGARD^{30} and reinitiation of the recommended dosing regimen will minimize the opportunity for the development of adult heartworms.

EFFICACY: HEARTGARD^{30}, given orally using the recommended dose and regimen, is effective against the tissue larval stage for up to a month after infection and, as a result, prevents the development of adult *Dirofilaria immitis*.

SAFETY: Clinical studies have shown a wide safety margin at the recommended dose level in dogs (see PRECAUTIONS for exceptions) including pregnant or breeding bitches, and stud dogs. Many commonly used flea collars, dips, shampoos, anthelmintics, vaccines, and steroid preparations have been administered in clinical trials with HEARTGARD^{30} in a heartworm prevention program.

PRECAUTIONS: To avoid future diagnostic confusion, all dogs should be tested for existing heartworm infection prior to starting treatment with HEARTGARD^{30}. Infected dogs should be treated to remove adult heartworm and microfilariae prior to initiating a program with HEARTGARD^{30}.

HEARTGARD^{30} is not effective against adult *D. immitis*. While some microfilariae may be killed by HEARTGARD^{30}, it is not effective for microfilariae clearance. A mild hypersensitivity-type reaction, presumably due to dead or dying microfilariae and particularly involving a transient diarrhea, has been observed after the treatment of some dogs that have circulating microfilariae.

In certain dogs, particularly of the collie breed, the concentration of ivermectin in the central nervous tissues following treatment is apparently greater than it is in other dogs. This is possibly due to a more readily penetrated blood-brain barrier in those dogs or to sequestration. In these dogs, the apparent potentiation of the inhibitory neurotransmitter, *gamma* aminobutyric acid, by ivermectin (GABA agonist effect) has resulted in adverse reactions which included mydriasis, depression, ataxia, tremors, drooling, paresis, recumbency, excitability, stupor, coma and death. These reactions have been reported at doses many times greater than the recommended low dose of HEARTGARD^{30}. In a clinical trial, these reactions occurred with ivermectin at doses of 200 mcg/kg and greater, but not at 50 mcg/kg. **Clients should be advised to observe collies closely for at least eight hours after treatment and to contact their veterinarian if any toxic signs are noted.** In cases of toxicity, symptomatic or supportive treatment is recommended.

Keep this and all drugs out of the reach of children. In case of human consumption, clients should be advised to contact a physician immediately. Physicians may contact a Poison Control Center for advice concerning cases of human consumption.

NOTE TO VETERINARIANS: HEARTGARD^{30} does not interfere with or prevent the development of antibodies to *Dirofilaria immitis*. Therefore, diagnostic kits utilizing the detection of antibodies may frequently provide misleading results (false positives) when used on dogs receiving HEARTGARD^{30}.

HOW SUPPLIED: HEARTGARD^{30} is available in three dosage strengths (See DOSAGE section) for dogs of different weights. Each strength comes in a convenient 6- or 9-tablet dispenser, packed 10 dispensers per carton.

MSD AGVET
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HOW THIS YEAR'S SURVEY WAS CONDUCTED

Questionnaires for the 1988 VETERINARY ECONOMICS Continuing Survey were mailed last January to 4,500 veterinarians in private practice—a random sampling from the master list maintained by this magazine. By the mid-April cutoff date, 1,224, or 27.2 percent, of the veterinarians had responded. After we set aside returns with apparent discrepancies, incomplete responses, and those from veterinarians who had not been in practice throughout the year, our working sample consisted of 935 questionnaires. These were coded by VETERINARY ECONOMICS' research staff and tabulated by computer under the direction of Gene Richman of Crosstabs Inc., Syosset, N.Y.

REGION	Percent of Statistical universe[1]	Percent of Survey sample
Northeast	15%	12%
South*	34	37
Midwest**	29	32
West	22	19

*Includes Southwest, Mid-South, and South-Atlantic.
**Includes Plains States and Great Lakes.
[1] Veterinary Medicine Publishing Co. mailing list, July 1988

AGE	Percent of survey sample
Under 35	34%
35-44	37
45-54	17
55-64	10
65 and over	2

SEX	Percent of survey sample
Male	84%
Female	16

YEARS IN PRACTICE	Percent of survey sample
0-1	—
1-2	7.4%
3-5	18.5
6-10	20.9
11-20	28.8
21-30	16.2
31-40	7.1
More than 40	1.0

■

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How to stop
the storage monster

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1988 taxes now

Practice profile:
Operation client search

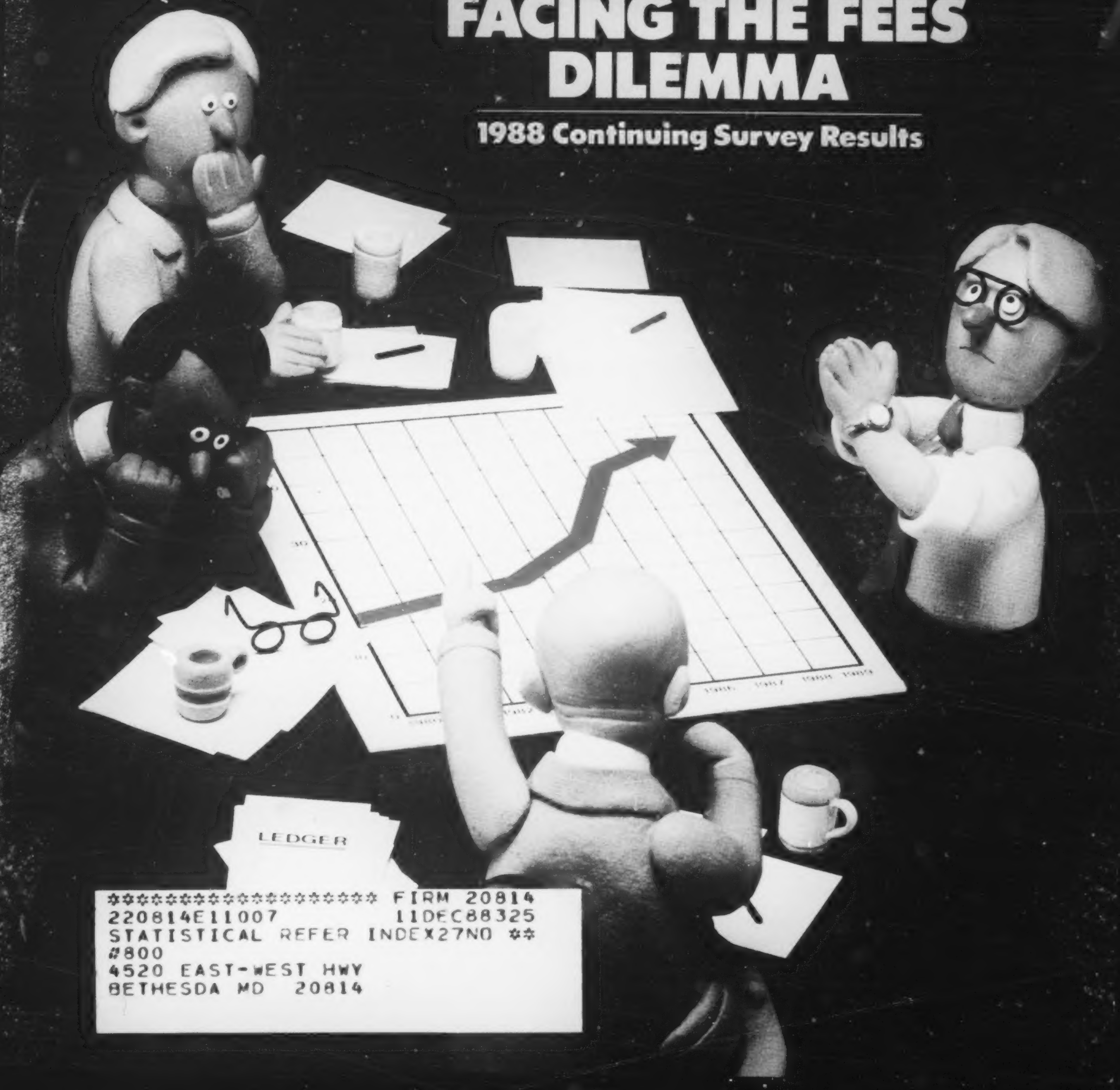
OCTOBER 1988

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

FACING THE FEES DILEMMA

1988 Continuing Survey Results



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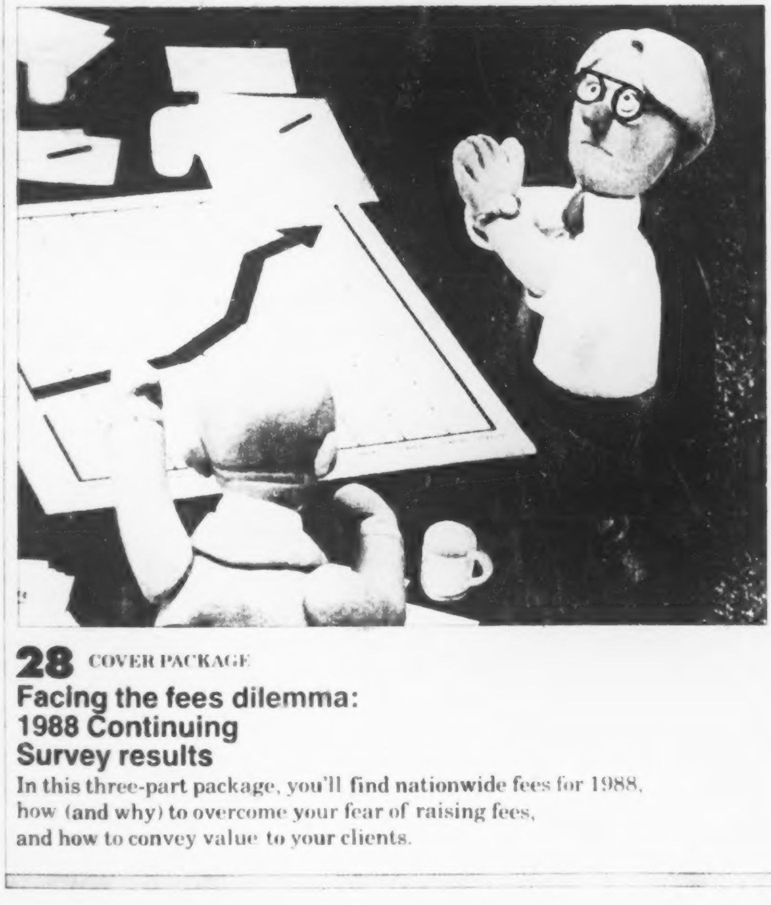

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Facing the fees dilemma: 1988 Continuing Survey results

In this three-part package, you'll find nationwide fees for 1988, how (and why) to overcome your fear of raising fees, and how to convey value to your clients.

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Overcoming your fear of raising fees

The evidence is in: If you decide your services are worth more, most of your clients will agree.

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Put your fees in proper perspective

How do your clients view your fees? They'll better understand the *value* of your work if you follow these suggestions.

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A Medical Economics Publication

MEMO FROM THE EDITOR

You're worth it

I have to admit what went through my head the last time I visited my veterinarian. "It costs *that* much money to have Bear spayed and Willy neutered? These cats cost me right at nothing—and now they're worth a round-trip ticket to San Diego?" Actually, to me they're worth a lot more—as is the assurance that they were well-cared-for when I dropped them off for their operations. And for the cat equivalent of a mutt, Willy's expensive anyway. I don't remember what I paid that Saturday night when he ate the rubber band (in two seconds flat, no less), but the emergency veterinarian was there when I needed her.

The point is, I, as a client, don't go to a veterinarian because of what he or she charges. I go because these people are good at what they do. And I know I can trust them with Bear and Willy—no matter what kind of scrapes the little monsters get into. (And with Willy, at least, I think I've got my hands full.) But you don't have to take my word alone on how clients react to fees.

In this issue, and again in November, we'll explore first what your fees are, and then what they can be. The lead article this month provides an extensive accounting of what veterinarians nationwide are charging for various services. The numbers, organized for the first time by practitioner type, are based on the results of our annual Continuing Survey, which was sent to 4,500 veterinarians last spring.

Two of veterinary practice management's most respected consultants round out this month's fees package. David Gallagher tackles veterinarians' entrenched fear of raising fees with a case study of an actual practice. What *does* happen if you consistently and systematically raise your fees? Do clients flee? The evidence may surprise you.

Bob Levoy's piece on communicating value to your clients begins and ends with an optical illusion, but his suggestions are concrete. And he's right when he indicates that I, and clients like me, won't think about San Diego at all if we're told all the things you do for our animals. As he says, we have no way of knowing unless you tell us.

Becky Turner

Rebecca R. Turner

FACING THE FEES DILEMMA

1988 Continuing Survey Results

In this three-part package, you'll find 1988 fees, how (and why) to raise your fees, and how to convey value to your clients.

By Rebecca R. Turner EDITOR

We did something new with the VETERINARY ECONOMICS Continuing Survey this year. We sent a different fees survey to each type of private, practicing veterinarian: small animal, mixed animal, large animal, and equine. When all of the surveys were returned and counted, we had a gigantic stack of computer print-outs—and one of the most complete fees listings you'll find available anywhere.

The charts that follow begin with a regional breakdown of average client transaction fees (page 29). As you'll see, there wasn't much movement between 1987 and 1988. Transaction fees decreased in the West and in the Plains States, and increased slightly in the rest of the country.

Vaccination fees by practitioner type are shown on page 30. Mixed practitioners appear to be a bargain, with their fees for the same vaccinations falling below those of other practitioners in nearly every category.

On pages 33, 34, 36, and 38, you'll find fee reference charts for each practice type, with median fees for a variety of common procedures. Small animal veterinarians, who make up the majority of all practicing DVMs, represent our largest respondent base. Their fees are broken out by region. For large, mixed, and equine practitioners, whose ranks are smaller, you'll find median, nationwide fee figures. (For more information on how the survey is conducted, see the September issue, page 46.)

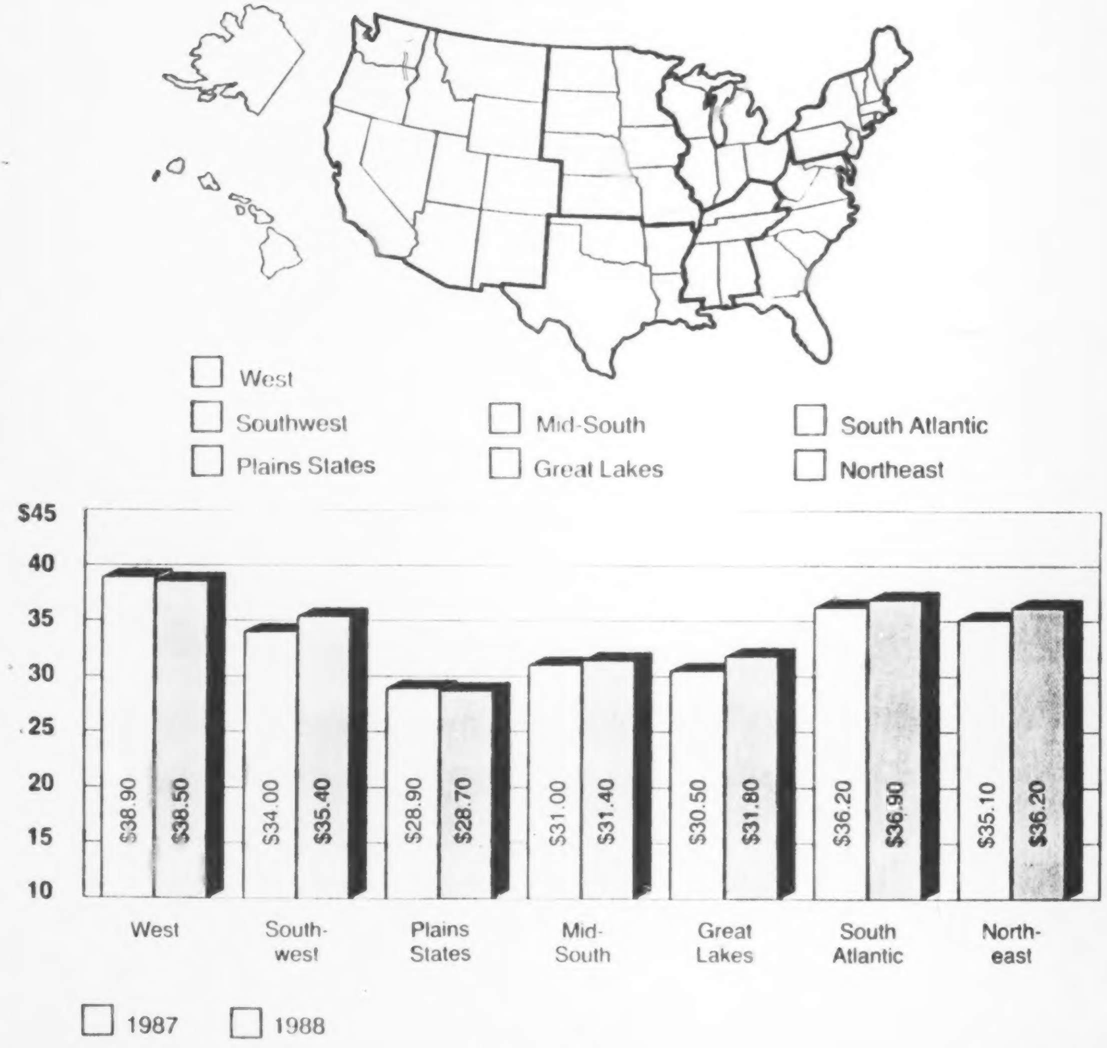
What you probably *won't* find in the fees charts are any quick or startling statistics. Instead, we've provided a detailed breakdown designed to give you a convenient reference for comparing, and perhaps setting, your own fees.

A case study

How much truth is there to the myth that if you raise your fees,

AVERAGE CLIENT TRANSACTION FEES

The Great Lakes make the greatest strides with a 4.3 percent increase.



All figures are medians

VACCINATION CHARGES STAY STEADY—OR DROP

Veterinarians made only small changes in vaccination fees this year. Although mixed animal practitioners show a slight increase in some fees, they charge less than other veterinarians in nearly every category.

	Dog[1]	Cat[2]	Horse[3]	Livestock[4]
Small animal DVM	$26.10	$26.20	—	—
	28.00	23.10	—	—
Large animal DVM	—	—	—	$3.70
	—	—	—	4.00
Mixed animal DVM	23.00	18.10	$16.80	5.40
	23.00	18.00	17.60	5.30
Equine DVM	—	—	25.20	—
	—	—	24.50	—

☐ **1988**

☐ **1987**

[1] Rabies, DHL, parvovirus

[2] Rabies, panleukopenia, upper respiratory virus

[3] Tetanus, sleeping sickness, equine rhiopneumonitus

[4] All normal shots

All figures are medians.

you'll lose clients? David Gallagher, who teaches practice management at Cornell University's New York State College of Veterinary Medicine, explores this topic with a case study on page 40. This year-by-year analysis of an actual veterinary clinic shows the *growth* that is possible with a systematic approach to setting and raising fees.

Seeing the value, not the fee

Finally, on page 53, management consultant and speaker Bob Levoy explores the ways in which veterinarians can convey to clients the *value* of their services. Fees rarely appear out of line when a veterinarian stops to explain just what exactly went into the work he or she did. The result? Better-informed clients who understand and are willing to pay your fees.

In the November issue of VETERINARY ECONOMICS, we'll profile practices that have raised their fees by at least 10 percent—without any adverse affects. And to wrap up our series on fees (until, of course, you write us with your reactions), we'll present management consultant Don Dooley's almost tongue-in-cheek look at the top 15 excuses veterinarians often use to avoid raising their fees. Does "If I charged what I should they would put their animals to sleep" sound familiar? ▶

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SMALL ANIMAL PRACTITIONERS' FEES

	Northeast	South	Midwest	West
Average client transaction fee*	$36.20	$35.40	$30.50	$38.50
Office call (includes exam)*	17.20	15.20	12.80	17.30
Lab analysis:				
Urinalysis	9.90	10.10	10.00	12.40
Fecal*	6.60	6.30	5.90	8.50
Serum chemistry profile*	23.50	25.50	25.50	30.90
CBC*	13.70	12.50	11.60	15.60
Heartworm test	12.40	9.20	10.70	15.40
Feline leukemia test	15.50	13.00	13.10	15.20
Total lab analysis*	80.90	81.20	83.80	104.50
Fee for procaine penicillin G injection (20-lb dog)	6.20	8.40	7.60	10.00
Hospitalization (including daily exam and boarding):				
Under 20 lbs	15.20	11.70	10.90	15.50
20-49 lbs	15.50	12.70	12.00	15.90
50 lbs or more	15.90	14.50	12.90	17.30
Daily boarding, small dog	8.00	6.40	6.10	7.60
Daily boarding, large dog	10.00	8.00	7.60	9.40
Ovariohysterectomy (inc. anesthesia and hosp.):				
Under 20 lbs	65.30	60.00	60.20	55.40
20-49 lbs	74.40	67.00	66.00	65.60
50 lbs or more	84.50	75.30	75.20	77.60
Diagnostic X-ray series (including sedation):				
2 or fewer films	40.00	35.60	35.30	45.20
3-6 films	65.50	59.10	57.00	68.70
More than 6 films	86.20	75.90	75.40	95.50
Procedures/ treatments:				
Heartworm treatment	200.00	152.00	154.40	200.00
Dental scaling (dog, no extractions)	45.10	38.70	40.50	45.50
Flea allergy dermatitis therapy	30.30	26.70	30.90	33.80
Deworm 20-lb dog	12.70	10.30	12.10	15.00
Treat cat-bite abscess	45.20	32.20	30.30	57.10
External otitis (dog) therapy	30.40	30.50	29.20	35.90
Suture 2-in. skin laceration	45.50	37.20	38.40	49.80

*Base — All respondents   All figures are medians.

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LARGE ANIMAL PRACTITIONERS' FEES

Average client transaction fee	$29.20
Office call (includes exam)	10.20
Lab analysis:	
Fecal	4.90
Serum chemistry profile	17.60
CBC	10.40
Farm call:	
Mileage charge (cents per mile)	.80
Exam charge per animal	5.50
Average total charge per animal	21.50
Consultation fee	45.80

Procedures and treatments:	
Footrot treatment	$ 11.30
Mastitis treatment	23.70
Breeding soundness exam	2.90
Remove retained placenta	11.00
Uterine prolapse repair	35.90
Calf scours treatment	9.90
Dehorning	3.30
Deworming (one time)	3.50
Laparotomy	75.50
Castration	3.70
Rumenotomy	88.00
C-section	123.00
Dystocia treatment	35.00
Milk fever treatment	20.40
Metritis treatment	8.60
Rectal palpation	2.60

All figures are medians

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MIXED ANIMAL PRACTITIONERS' FEES

Average client transaction fee	$30.20
Office call (includes exam)	12.20
Lab analysis:	
Urinalysis	7.00
Fecal	5.40
Serum chemistry profile	20.60
CBC	11.00
Heartworm test	8.70
Feline leukemia test	15.20
Farm call:	
Mileage charge (cents per mile)	.90
Exam charge per animal	10.40
Average total charge per animal	27.90
Average antibiotic injection fee	5.50

Hospitalization (including daily exam and boarding):	
Under 20 lbs	$7.30
20–49 lbs	8.10
50 lbs or more	8.70
Equine	10.50
Daily boarding, small dog	5.40
Daily boarding, large dog	6.30
Ovariohysterectomy (inc. anesthesia and hosp.):	
Under 20 lbs	50.70
20–49 lbs	57.30
50 lbs or more	64.10
Diagnostic X-ray series (including sedation:)	
2 or fewer films	26.70
3–6 films	46.20
More than 6 films	60.50

All figures are medians.

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EQUINE PRACTITIONERS' FEES

Average client transaction fee	$52.30
Office call (includes exam)	20.90
Lab analysis:	
Coggins test	15.80
Fecal	7.00
Serum chemistry profile	25.80
CBC	15.40
Ig G transfer	20.00
Farm call:	
Mileage charge (cents per mile)	.90
Exam charge per animal	15.30
Average total charge per animal	42.20
Radiography:	
Two views	30.60
Navicular series	60.10
Carpal series	60.60
Hospitalization (including daily exam and boarding)	15.90
Fertility workup (female)	72.50
Breeding soundness exam (male)	81.60

Diagnostic tests:	
Lameness exam	$25.70
Abdominal tap	25.70
Nerve block	15.50
Stomach tube	15.50
Procedures and treatments:	
Deworming (one-time)	15.60
Castration	85.00
Cryptorchidectomy	250.10
Float teeth	20.50
Laminitis treatment	73.50
Suture skin laceration	49.30
Intensive neonatal care (one-day)	16.20
Medical treatment for colic	75.40

All figures are medians

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